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Economic Report of the Governor
1984

Submitted by
George Deukmejian
Governor
State of California

to the
California Legislature

State of California
GOVERNOR'S OFFICE
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LADIES AND GENTLEMEN OF THE LEGISLATURE:

Last year's Economic Report predicted that the long-awaited recovery from one of the worst national economic slumps was finally underway. We were right; by year's end employment in California had risen 5.2 percent, personal income had risen 10.3 percent, and California led the nation in business expansions.

The long-term health of California's economy, however, continues to depend on how State government resolves the problems that remain from those recession years. When I took office in January 1983 the State was headed for an estimated $1.5 billion deficit, and policies supporting the concept of an era of limits had created other kinds of deficits equally destructive to the State's productive capacity:

- public sector hostility to business and agriculture,
- deteriorating infrastructure systems,
- unresolved water resource management issues, and
- a broad decline in the quality of public education.

With your help, my first priority was to end California's fiscal crisis. No state can be effective in supporting economic activity when it is on the brink of bankruptcy. By the end of this fiscal year, the deficit will be paid off and the budget balanced—all without raising general taxes on the people and businesses of this state.

Now we can begin erasing the other deficits that hamper production and commerce in California. The following is a review of our progress in putting policies in place and proposing public sector investments that nurture and protect California's economy.

Curbing Government

Taxes. Excessive government spending is a serious economic drain on the private sector. That is why controlling growth in government is a major priority of my Administration. In 1983—while we were cutting state spending—36 other states chose to raise taxes. I am pleased to say that as a result, California dropped from 8th place to 10th place among the states in terms of per capita state tax burden.

Regulations. Taxes are not the only way government affects the cost of doing business. California businesses lose time and dollars in dealing with the red tape inherent in an Administrative Code of over 40,000 regulations. Last year my Regulation Review Task Force identified over 7,000 obsolete, redundant, or inappropriate regulations for repeal or amendment. We are at work on a similar review of state statutes.

Improving the Economic Climate

Economic Development. One of my first acts as Governor was to announce that California was putting the welcome mat out for business. I met with dozens of state, national, and international business leaders to urge them to locate, expand, and invest in California. We made headway: last year 240 companies did locate or expand operations in California, triggering $2 billion in investment and 123,000 new jobs.

This year we launched California's first strategic plan for economic development targeted at making California attractive to business and industry for capital investment. Key components of the plan are:

- repairing the State's infrastructure,
- developing a marketing and advertising campaign to promote California,
- simplifying the permitting process for business,
- developing programs to take advantage of Pacific Basin trade and investment opportunities,
- encouraging the growth of small and entrepreneurial businesses, and
- providing State assistance to local communities that want to diversify and expand their economies.

Foreign Trade. Following World War II, the U.S. was the dominant player in the global economy. In the last three decades this economy has been fundamentally reordered. Today it is highly competitive and highly interdependent. At the same time the U.S. has accumulated a substantial balance of payments deficit. California, too, is a net importer. Foreign trade is no longer a marketing option, it is an economic imperative.

California is well positioned to respond to this challenge. Geographically, we are a member of the Pacific Basin community, the most dynamic growth region in the world. Economically, we have substantial export strength in our agriculture, electronics, aerospace, and business and consumer products industries.

My Administration is dedicated to making California a leading supplier for the Pacific Basin market. We are working with U.S. policy makers to lower trade barriers. Through our California World Trade Commission we are helping California businesses win and expedite contracts in new foreign markets. Recently we cosponsored the first California-Japan Trade Mission in which 80 California companies made presentations to 35,000 business representatives and consumers in Japan.

Tourism. Another leading California export with national and international markets is tourism. A $28 billion industry that makes up 7 percent of California's gross state product, tourism employs over one million people directly and indirectly and pays $5.5 billion in wages.

Like most markets in today's economy, tourism has become highly competitive. To protect and promote California's travel industry, my Administration has established a nonprofit California Tourism Corporation to develop a tourism marketing plan for the State. In addition we have proposed a $5 million advertising program to help generate new travel expenditures in the state.

Small Businesses. A key part of our economic development planning is directed at small businesses, the most fertile source of new jobs for Californians. Last year our Office of Small Business Development made $21 million available in loan guarantees, and we sponsored legislation to allow new small businesses to carry forward for two years losses of up to $100,000.

Another program targeted at stimulating all business development, but particularly small businesses, is the creation of Enterprise Zones. This March I signed into law two bills offering a variety of tax credits and incentives to encourage business development and job creation in depressed inner city areas. The bills also authorize the marketing of $75 million in State industrial development bonds for qualified businesses.

Rebuilding Our Infrastructure

Infrastructure Review. California has one of the most extensive infrastructure systems in the nation. This infrastructure—highways, bridges, schools, hospitals, prisons, parks, water supply, waste treatment—is essential to the quality of our life in California.

Many of these systems are extremely critical to California's productive capacity, yet they have suffered from years of neglect.

The Infrastructure Review Task Force that I created last year to take a comprehensive look at the adequacy and condition of our infrastructure systems recently issued its report. In the meantime I have proposed investing $3.3 billion in the 1984–85 budget to begin the task of improving our physical capital.

Water Systems. Continued economic growth in California does depend on adequate and reliable water supplies for our industries, farms and homes. It is our responsibility to see that this water development is carried out wisely and in ways that protect the environment.

Therefore, I am proposing a bipartisan water legislation program that will help create a water resource management concensus. The measures discussed below either have already been introduced by members of the Legislature or are new proposals—all of which are necessary for a comprehensive water management plan:

- protecting Northern California water resource statutes from amendment by requiring a two-thirds vote;
- improving the existing through-Delta water transfer system;
- initiating a comprehensive Delta levee rehabilitation program;
- coordinating State Water Project and Federal Central Valley Project operations;
- establishing a loan program to finance groundwater recharge facilities built by local water districts;
- setting future standards for San Francisco Bay water quality;
- conducting a water planning study of the Sacramento Valley;
- requiring urban water agencies to prepare conservation plans;
- issuing a 1984 water bond that includes money for wastewater reclamation, sewage treatment facilities, water conservation, drinking water improvements, and flood control; and
- restoring fishery resources.

Transportation System. We are a large state with several major urban centers and widespread agricultural and resource development. We need an adequate and reliable system for transporting raw materials to production centers, workers to job locations, and goods to markets. Yet, we have accumulated structural problems and have crucial regional gaps in our state freeway system.

For this reason, my Administration is embarking on the largest transportation construction and improvement campaign in the

State's history. We are proposing a five-year, $13 billion program, beginning July 1, 1984, to finance 2,000 transportation projects and create approximately 250,000 new jobs. The plan not only repairs past neglect of the system, it provides for the transportation needs of an expanding economy.

Housing. Housing is as important to the economy as it is to individuals. Each new home built in California generates an average $86,000 in direct business activity, and every dollar spent on housing generates four additional dollars in other sectors of our economy. In addition, adequate housing is an important factor in plant siting decisions.

In recent years California has fallen short of its housing production needs. To reverse this trend, I am proposing a package of housing reforms and incentives to stimulate new investment in our housing industry. Key elements are:

- streamlining regulations,
- speeding the permit process,
- eliminating duplicative environmental reviews,
- using tax incentives to spur construction of apartments and other rental units, and
- creating a state fund to purchase urban land for low income housing.

Developing Our Human Resources

Education. The physical capital of a nation or state is a finite resource; its human, or intellectual, capital is limitless. We know education is the key to maximizing human capital. Society benefits as the enhanced knowledge and skills of its members contribute to innovation and output. The individual benefits from the economic opportunities his or her education makes possible.

The ability of U.S. industries to compete in today's global economy depends in large part on their technical and entrepreneurial knowhow. It is not surprising that a state's ability to attract new industry is helped or hindered by the caliber of its research institutions, the skills of its workforce, and the quality of the K–12 education it offers to the children of a new industry's employees.

These are compelling reasons for California to begin reversing the years of neglect its elementary, secondary and higher education systems have experienced. My budget for the 1984–85 fiscal year earmarks $16.7 billion for education. Over 50 percent of our General Fund income will be dedicated to education in the coming fiscal year.

Highlights of my proposals include:

- a 17 percent increase in spending per K–12 student over levels of two years ago,
- the largest real funding increase for higher education in over a decade,
- a 30 percent increase in General Fund support to the University of California,
- a 21 percent increase in General Fund support to the California State University,
- a 5 percent increase in general support to the Community Colleges,
- a 13 percent increase in support through the Student Aid Commission to educationally qualified, financially needy students,
- the first increase in the number of scholarships in almost a decade, and
- the first increase in the dollar amount of scholarships in three years.

These plans, cutting across many areas of public sector responsibility, all have a common denominator: ending the era of limits that has been imposed on our private sector. Private sector growth is our best guarantee that more jobs as well as increased goods and services will be produced. And, this is the key to opportunity and a better standard of living for all Californians. It is also the best guarantee that State government will have the revenues it needs for public programs and services.

Most cordially,

George Deukmejian

George Deukmejian

STATE OF CALIFORNIA
GEORGE DEUKMEJIAN, *Governor*

DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR
SACRAMENTO, CA 95814-4998

Honorable George Deukmejian
Governor of California
State Capitol
Sacramento, California

Dear Governor Deukmejian:

Enclosed is the 1984 Economic Report on the California economy for your transmission to the Legislature.

I wish to commend the staff of the Department of Finance's Economic Research Unit on their fine work and to thank the many State departments who have contributed to this Report.

Sincerely,

Jesse R. Huff
Director of Finance

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I. OVERVIEW

The economic recovery of 1983 marked a dramatic turnaround in the lethargic performance of the nation's economy over the past four years. The strength of the rebound caught most people by surprise:

- Real gross national product moved ahead by 6.2 percent between the fourth quarter 1982—the trough of the recession—and the fourth quarter 1983.
- Inflation remained well under control.
- The jobless rate fell from a December 1982 peak of 10.7 percent to 8 percent by the start of 1984.
- Gains in real personal income—adjusted for inflation—amounted to 3.8 percent during 1983.
- Greatly improved consumer confidence, spurred in large part by declining interest rates from late 1982 to mid-1983, led to a surge in housing activity and new car sales—two critical economic sectors.
- Business investment, which had been expected to remain soft during the initial stages of recovery, made a strong comeback.

Developments in California tended to mirror or surpass the national upturn. Employment and income gains were somewhat better in the State than in the Nation. The unemployment rate fell further and faster, and price rises, as measured by the consumer price index, were at a 20-year low.

Forecasts for 1984 for both the State and Nation show further improvement, although at a more moderate pace than last year.

II. EMPLOYMENT

During the first year of recovery from a recession, the employment picture changes dramatically. Last year was no exception. This section examines the various changes in employment in 1983, the labor force situation, collective bargaining negotiations and job training programs.

Nonagricultural Wage and Salary Employment

Nonagricultural wage and salary employment * reached its recession-low in December 1982. In the following 12 months, economic recovery led to a surge in jobs. For the year as a whole, employment was up 1.9 percent. These annual data, shown in Table II-1, mask the gains which were achieved, however, due to the timing of the downturn and subsequent expansion.

By December 1983, the total stood at 10,253,000, up more than 5 percent, or 509,000, from the year-earlier level. This was the strongest recovery rate since at least 1960, with virtually the entire private sector contributing to the gain. Only the government sector registered no increase.

Concommitant with these trends, the jobless rate fell from a high of 11.1 percent in December 1982 to just over 8 percent by year-end. The stage was set for a renewed period of growth after one of the most severe recessions on record.

The recovery resulted in considerably different performances for individual sectors. As might be expected, trade, services, manufacturing and construction posted the best gains, reflecting the increased pace of sales, a surge in both homebuilding and nonresidential investment, and generally improved confidence in the outlook.

Trade

Increased consumer demand during 1983 helped push trade employment up from the 1982 level. Total trade jobs increased by 81,500 (3.6%), compared to a 26,300 decline in 1982. The improvement for this sector is illustrated more vividly on a December-December basis. During the

FIGURE II-1
CALIFORNIA NONAGRICULTURAL EMPLOYMENT PERCENT CHANGE BY INDUSTRY, 1983

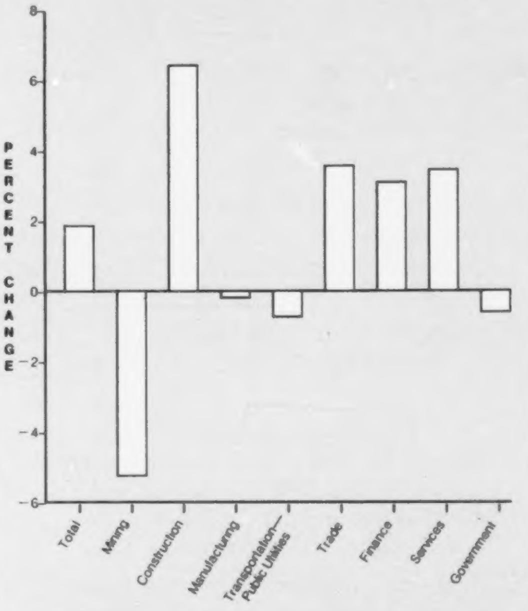
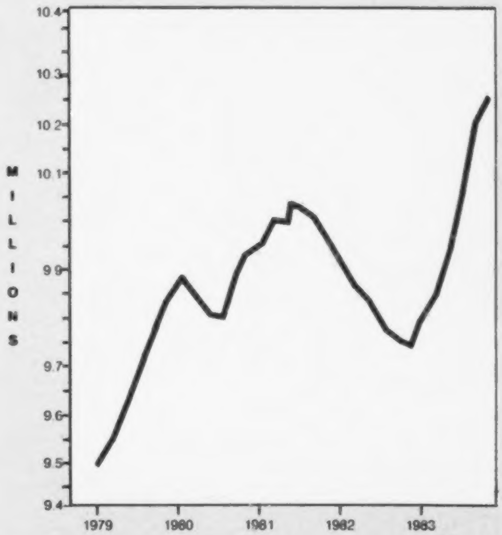


FIGURE II-2
CALIFORNIA NONAGRICULTURAL EMPLOYMENT 1979 TO 1983



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*California Employment Development Department Interim Series. The employment tables in the Statistical Appendix of this Report use the official series prepared in conjunction with the U.S. Bureau of Labor Statistics.

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first 12 months of recovery, trade employment was up 172,500, or 7.3 percent.

The 1983 pattern reversed a downtrend which began mid-1981 for both the wholesale and retail sectors. The 10.4 percent retail sales gain—almost all of which reflected real volume increases—was a major factor contributing to the improvement in employment. Beyond this, however, was the fact that many establishments had pared employment significantly in the face of soft or falling sales during the prior year-and-a-half. Once it became evident that economic recovery was underway, hiring accelerated sharply.

TABLE II-1A
CALIFORNIA EMPLOYMENT, 1982 AND 1983
(In thousands)

	December 1982	December 1983		
			Change from 1982	
		Thousands	*Thousands*	*Percent*
Total Nonagricultural Employment	9,823.8	10,007.4	183.6	1.9
Mining	50.4	47.8	−2.6	−5.2
Construction	349.0	370.9	21.9	6.3
Manufacturing	1,945.4	1,944.2	−1.2	−0.1
Nondurable goods	626.8	625.9	−0.9	−0.1
Durable goods	1,318.6	1,318.2	−0.4	0.0
Aerospace	648.5	660.1	11.6	1.8
Other durables	670.1	658.1	−12.0	−1.8
Transportation & public utilities	542.8	539.1	−3.7	−0.7
Trade	2,275.3	2,356.8	81.5	3.6
Wholesale	582.1	605.7	23.6	4.1
Retail	1,693.1	1,751.1	58.0	3.4
Finance, Insurance, & Real Estate	642.6	662.0	19.4	3.0
Services	2,283.4	2,361.5	78.1	3.4
Government	1,735.2	1,725.1	−10.1	−0.6
Federal	327.4	327.0	−0.4	−0.1
State and local	1,407.8	1,398.1	−9.7	−0.7
Agriculture	355.0	353.8	−1.2	−0.3

TABLE II-1B
EMPLOYMENT AS OF DECEMBER*
(In thousands)

	December 1982	December 1983		
			Change from 1982	
		Thousands	*Thousands*	*Percent*
Total Nonagricultural Employment	9,848.7	10,357.7	509.0	5.2
Mining	48.1	48.3	0.2	0.4
Construction	339.5	401.1	61.6	18.1
Manufacturing	1,887.3	1,987.9	100.6	5.3
Nondurable goods	606.2	634.4	28.2	4.7
Durable goods	1,281.1	1,353.5	72.4	5.7
Transportation & public utilities	538.0	552.8	14.8	2.8
Trade	2,348.5	2,521.0	172.5	7.3
Wholesale	582.0	627.9	45.9	7.9
Retail	1,766.5	1,893.1	126.6	7.2
Finance, Insurance, & Real Estate	641.4	679.0	37.6	5.9
Services	2,292.8	2,422.8	130.0	5.7
Government	1,753.1	1,744.8	−8.3	−0.5
Federal	330.2	330.0	−0.2	−0.1
State and local	1,422.9	1,414.8	−8.1	−0.6
Agriculture	311.4	314.2	2.8	0.9

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* Data not adjusted for seasonal variation.

Note: Table base on interim employment series prepared by California Employment Development Department

More recent data indicate that the industry is still expanding at above-average rates in early 1984, as the expected lull in consumer spending has failed to materialize.

Services

Services continue to account for an ever-larger share of the California economy. This sector is virtually immune from recessionary influences, given on-going expansion in such areas as health care and business services. To a considerable extent this trend reflects changing life styles in conjunction with substantial discretionary income gains for many consumers. The 3.4 percent rise in the annual average for the sector was only slightly below the long-term trend. More significant, however, was the December 1982 to December 1983 change: a rise of 5.7 percent, reflecting 130,000 new jobs.

During the past year, only personal services, which are roughly 4½ percent of the total, saw employment decline. Business services, which include such diverse activities as computer software services, advertising, employment agencies, testing laboratories and equipment leasing, account for nearly a fourth of the entire service sector. Over the 12 months ended December 1983, business services had increased by more than 17 percent. Much of the rise was due to the expansion in computer area. Beyond this, however, was the general willingness of firms to increase spending on services which had been held down during the recession. Other areas registering above average gains included hotel-motel, auto repair and recreation activities.

Construction

Buoyed by the stabilization of interest rates, total construction employment climbed 6.3 percent on

TABLE II-2A
SERVICE EMPLOYMENT, 1982 AND 1983
(In thousands)

		1983		
			Change from 1982	
	1982	*Thousands*	*Thousands*	*Percent*
Total	2,283.4	2,361.5	78.1	3.4
Hotel and other lodging	118.5	123.8	5.3	4.5
Personal services	102.6	103.5	0.9	0.9
Business services	484.7	530.9	46.2	9.5
Auto and miscellaneous repair	133.7	137.9	4.2	3.1
Motion pictures	76.9	79.9	3.0	3.9
Amusement and recreation	100.1	105.9	5.8	5.8
Health services	600.2	606.7	6.5	1.1
Other*	666.7	673.0	6.3	0.9

TABLE II-2B
SERVICE EMPLOYMENT AS OF DECEMBER 1982 AND 1983**
(In thousands)

		1983		
	1982		*Change from 1982*	
	(000)	*Thousands*	*Thousands*	*Percent*
Total	2,292.8	2,422.8	130.0	5.7
Hotel and other lodging	117.8	127.9	10.1	8.6
Personal services	101.0	105.1	4.1	4.1
Business services	488.0	571.7	83.7	17.2
Auto and miscellaneous repair	133.7	142.9	9.2	6.9
Motion pictures	81.3	78.5	−2.8	−3.4
Amusement and recreation	98.3	104.4	6.1	6.2
Health services	601.1	610.0	8.9	1.5
Other*	671.6	682.3	10.7	1.6

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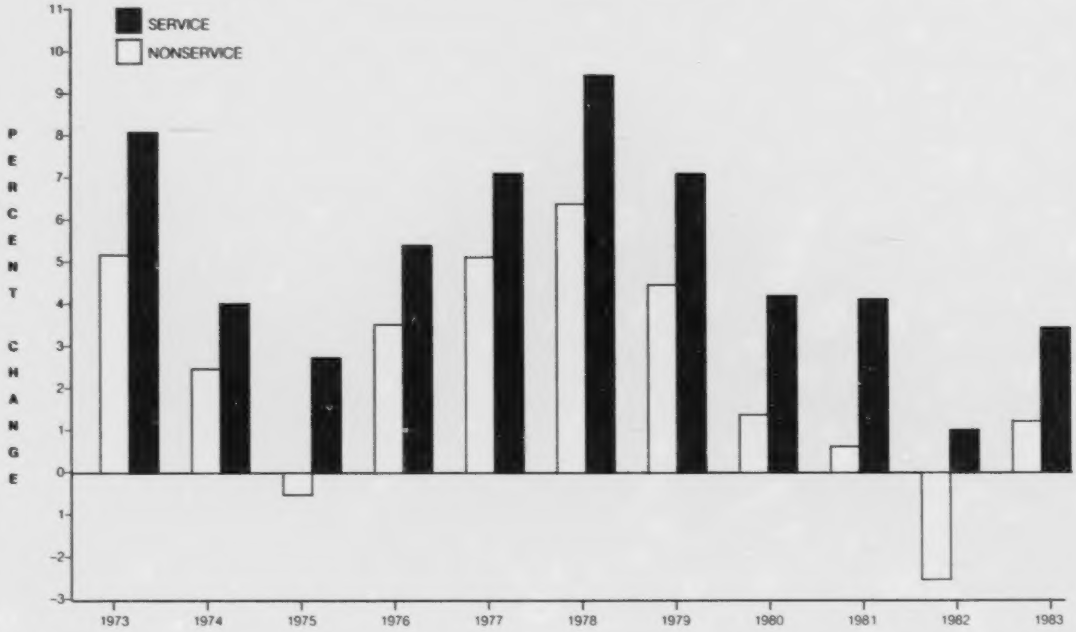
* Includes legal, educational, social, and various miscellaneous services.

** Data not adjusted for seasonal variation.

Source: California Employment Development Department

FIGURE II-3
SERVICE AND NONSERVICE NONAGRICULTURAL EMPLOYMENT: ANNUAL PERCENT CHANGES, 1973–1983



an annual basis in 1983. This was the first time since 1979 that employment in construction rose. General building and special trade contractors had the strongest increases last year, up 7.3 percent and 7.0 percent, respectively. The two categories combined accounted for nearly five out of six construction jobs. Heavy construction employment was up a modest 2.4 percent.

The robust growth in general building and special trade contracting reflects the speed with which privately financed building projects respond to economic cycles. The rapid recovery in homebuilding last year, and the subsequent firming of spending on plant and equipment, led to a strong acceleration in construction jobs. Over the 12 months ending December 1983, the general building component was up nearly 24 percent, with roughly a 17 percent rise in the special trades. Construction employment overall increased by 18 percent, reflecting a job gain of approximately 62,000.

Heavy construction also moved ahead substantially, with a 14.5 percent improvement. This sector is likely to see even better growth in coming quarters, as spending on infrastructure projects expands. The vast majority of such projects are financed from public sources, and, as such, were impacted by the fiscal crisis faced by the State and various local governments. The Governor's proposal to spend over $1 billion on the State highway system in fiscal year 1984–85, and to provide $774 million for local street and road repair and construction, will have a positive effect on heavy construction employment.

Transportation and Public Utilities

Employment in the transportation and public utilities sector fell 0.7 percent in 1983. This was due to an unusual set of circumstances, however, rather than any basic weakness. Transportation was up strongly during the year, for instance, led by a snapback in trucking.

The one negative area was communications, depressed by the AT&T strike in August, which involved an estimated 42,000 workers. A related factor was the AT&T divestiture which took place officially on January 3, 1984. The reorganization

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process during 1983 resulted in some employees shifting from one susidiary to another and thereby being reclassified from communications to other industries.

Finance, Insurance and Real Estate

The broad finance group began to see improvement by March last year, reversing two years of stagnation. Financial institutions had been under severe cost pressures during this time, which led to consolidations and other efficiency moves. As a result, employment gains were marginal at best. The decline in interest rates from mid-1982 on, the surge in deposit inflows which accompanied new accounts available after deregulation of the industry, and increased loan demand as the recovery progressed significantly strengthened the position of most institutions. This was reflected in employment data. By the end of 1983, the number of jobs in the finance component was up by 6 percent to 339,000, a new high.

Real estate also moved up substantially—by 10.1 percent on a December-December comparison—in response to the improved housing market. Employment for the total finance-insurance-real estate group amounted to 679,000 at the end of last year, up almost 6 percent from the year-earlier level.

Mining

The mining sector was relatively stable during the past year, notwithstanding the 5.2 percent decline indicated by annual average data. Most of the drop actually occurred early in 1982, and reflected adjustments to energy price cuts and lower demand for metals and minerals as a result of the recession.

Government

Government employment was the one exception to the general growth pattern of 1983. The federal component was relatively stable on an annual basis. State and local, in contrast, evidenced a slight downtrend on balance. On an annual basis, the total number of government employees in California decreased by 10,100, or 0.6 percent.

Manufacturing

Data on manufacturing employment can be evaluated best by comparing industry

TABLE II-3
MANUFACTURING EMPLOYMENT DECEMBER 1982 AND 1983
(In thousands)

	December 1982	*December 1983*		
			Change	
		Thousands	*Thousands*	*Percent*
Total	1,887.3	1,987.9	100.6	5.3
Nondurable goods	606.2	634.4	28.2	4.7
Food and kindred products	171.3	168.9	−2.4	−1.4
Textile mill products	12.4	14.0	1.6	12.9
Apparel	99.4	111.4	12.0	12.1
Paper and allied products	36.7	37.1	0.4	1.1
Printing and publishing	124.2	135.0	10.8	8.7
Chemicals and allied products	61.8	63.2	1.4	2.3
Petroleum and coal products	31.5	31.5	n.c.	n.c.
Rubber and plastics	59.0	64.2	5.2	8.8
Leather products	9.9	9.1	−0.8	−8.1
Durable goods	1,281.1	1,353.5	72.4	5.7
Lumber and wood products	43.6	52.0	8.4	19.3
Furniture and fixtures	49.1	57.9	8.8	17.9
Stone, clay, and glass	47.9	49.8	1.9	4.0
Primary metal industries	42.2	42.9	0.7	1.7
Fabricated metal products	131.5	139.0	7.5	5.7
Machinery, except electrical	215.6	227.7	12.1	5.6
Electric and electronic equipment	349.0	374.9	25.9	7.4
Transportation equipment	256.6	262.4	5.8	2.3
Instruments and related products	102.5	106.8	4.3	4.2
Miscellaneous	43.1	40.1	−3.0	−7.0

Source: California Employment Development Department developments between December 1982 and December 1983. Annual averages, for instance, indicate a 0.1 percent decline for the past year. This completely ignores the recession and recovery patterns, however. As recovery gained speed, the number of employees in most industries increased rapidly. The total as of last December stood at 1,987,900, up 100,600, or 5.3 percent, from the year-earlier level.

As would be expected, those industries most directly tied to housing and consumer spending experienced the fastest recovery. The lumbering industry, for example, saw a better-than-19 percent job gain. Depressed levels of homebuilding had had a devastating impact on this sector over the preceeding three years. Even with the 1983 gains, employment remains far below the level of the late 1970s. The recent improvement is, therefore, only a partial solution to the long-term problems affecting the north state resource counties which are still coping with sustained, high, jobless rates.

The other star performers were furniture and apparel, both of which experienced strong employment gains in response to stepped-up consumer buying.

Gains in many other industries ranged from 5 to 10 percent. Overall, durable goods producers increased their job rolls by 72,400, or 5.7 percent during the 12 month period. The nondurable sector recovered slightly more slowly.

There were only a few areas of weakness remaining at the end of 1983. Of these, the largest was food processing, negatively affected by lower harvests of certain crops. This reflected the problems created by unseasonal rains during the pollinating weeks in the spring, and reductions in producing acreage as a result of the Federal PIK (payment-in-kind) program. The sluggish performance of such industries as primary metals, petroleum refining, and paper is attributable to secular as well as cyclical developments in the State.

Aerospace. No discussion of manufacturing can be complete without consideration of the State's aerospace industry.[1] This sector includes the broad spectrum of electronics, aircraft, defense and space firms which have given California its dominance in the high technology arena. Aerospace activities account for one-third of all manufacturing employment in the State. The importance of the sector is even greater when subcontractors in other industries are taken into account.

At the end of 1983, employment amounted to 671,800. Most of the job gain during the year was due to improved business conditions for the electronics industry, which had experienced a recession-related setback in 1982. The communication and office-computing components also did well. The only significant weakness was in aircraft. The major producers in the State have been forced to reduce payrolls in response to the phasing-out of some aircraft.

Nevertheless, the outlook for aerospace is good. The airline industry's adjustment to a deregulated environment is nearly complete. The growth of regional airlines and hub-to-spoke operations are expected to dictate the type of planes ordered—smaller and more fuel efficient—while general economic recovery and the related gain in business travel will increase the number of planes required to meet service requirements.

Defense business continues to be a major factor for firms in the State. California companies have been awarded one-fifth of all U.S. Department of Defense (DOD) prime contracts in each of the last three decades. During the first half of the 1983 federal fiscal year—the latest available when this Report was being prepared—California received 22.3 percent of DOD awards. This amounted to $13.2 billion, a 13.3 percent increase over the first half of 1982. California's share is more than two-and-one-half times the total going to its nearest competitors, New York and Virginia.

Table II-4 shows some of the major DOD projects currently in progress in California.

California also receives the greatest part of National Aeronautics and Space Administration (NASA) prime contract awards—37.6 percent in fiscal 1983. The next largest states were Florida, with 13.7 percent; Texas, at 9.3 percent; and Maryland, with 7.2 percent. One contractor, Rockwell International, received 28 percent of all direct procurement awards in the 1983 fiscal year, by far the largest share for a single company. The Reagan Administration's goal of establishing a permanently manned space station is expected to help provide continuous support for the state's aerospace industry.

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[1] The specialized industries comprising the aerospace group are shown in Appendix Table 8.

TABLE II-4
SELECT DOD PROJECTS CURRENTLY IN PROGRESS IN CALIFORNIA

	Official Project Designation	*Other Designation*	*Company*
Military Aircraft			
Bombers	B1-B		Rockwell International
Fighters	F-15C	Eagle	McDonnell Douglas
	F/A-18	Hornet	McDonnell Douglas Northrop
Reconnaisance	U-2/TR-1		Lockheed
Electronic Warfare	EP-3		Lockheed
Petrol ASW	P-3C	Orion	Lockheed
Antisubmarine	S-3A/B	Viking	Lockheed
Cargo/Transport	KC-10A	Extender	McDonnell Douglas
Training	VTXTS		McDonnell Douglas British Aerospace
Attack Helicopters	AH-64A	Apache	Hughes Helicopter
Missiles			
Air-to-Air	AMRAAM		Hughes
	AIM-54C	Phoenix	Hughes
	AIM-7F/M	Sparrow	Raytheon/General Dynamics
Air-to-Surface	AGM-45 A/B	Shrike	Naval Weapons Center
	AGM-62	Walleye 1	Martin Murietta/Hughes
	AGM-65	Maverick	Hughes
	AGM-78D	Standard ARM	General Dynamics
	AGM-84 A/C	Harpoon	McDonnell Douglas
		Wasp	Hughes
Surface-to-Air	XRIM-11GA	Ram	General Dynamics
		Roland	Hughes/Boeing
	RIM-7M	See Sparrow	Raytheon/General Dynamics
	RIM-66B/D	Standard Missile 1/2 (MR)	General Dynamics
	RIM-67A/B	Standard Missile 1/2 (ER)	General Dynamics
	FIM-92	Stinger	General Dynamics
Surface-to-Surface	MGM-118A	Peacekeeper (MX)	BMO/TRW
	UGM-96A	Trident C4	Lockheed Missile & Space Co.
		Trident D5	Lockheed Missile & Space Co.
Battlefield Support and Antiarmour	BGM-71A	TOW 2	Hughes
Space craft	Fleetsatcom		TRW/Navy/Air Force
	Leasat		Hughes/Navy
	Milstar		Lockheed/Hughes/DOD
	Talon Gold		Lockheed/TRW

FIGURE II-4A
DEPARTMENT OF DEFENSE PRIME CONTRACT AWARDS
IN CALIFORNIA: CURRENT AND CONSTANT DOLLARS

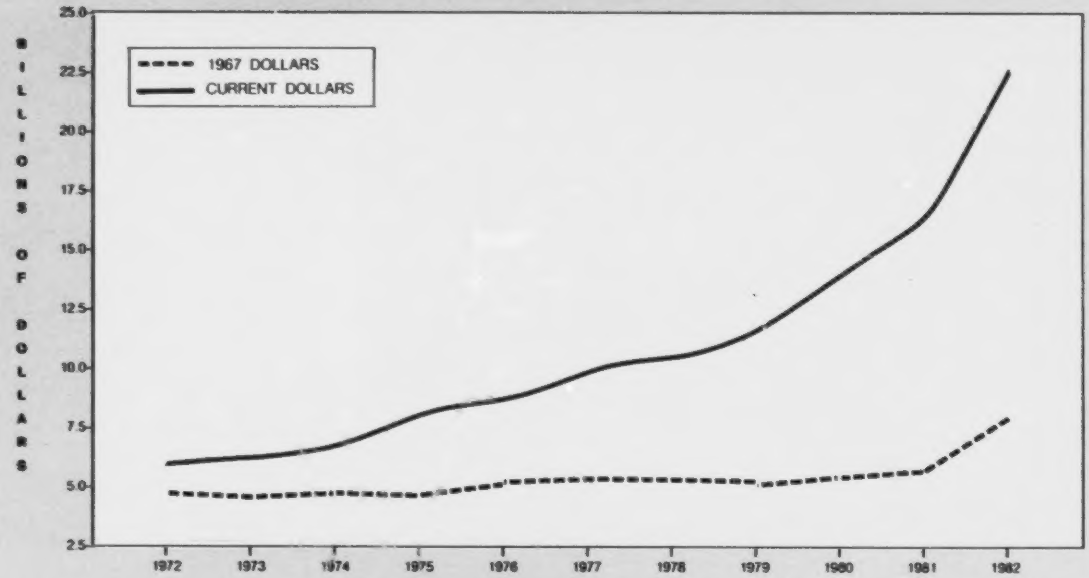
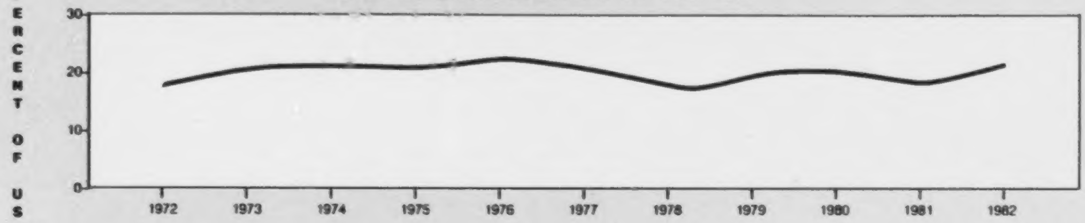


FIGURE II-4B
DEPARTMENT OF DEFENSE PRIME CONTRACT AWARDS:
CALIFORNIA AS A SHARE OF THE U.S.



Civilian Labor Force, Employment and Unemployment

One of the highlights of 1983 was the dramatic reduction in the jobless rate in California. In December 1982, the unemployment rate reached a post-war high of 11.1 percent. One year later this had been reduced to approximately 8 percent.

The improvement resulted from two developments: a 461,000 increase in civilian employment * over the period, and relatively little growth in the labor force. The latter was unexpected. Typically, the labor force sees a period of renewed expansion during the early phases of economic recovery, as discouraged workers and others who had left the labor force, or postponed looking for work, return to job-seeking status. The general optimism over the economic situation early in the year, and the gains in employment being recorded provided strong incentives for this situation to repeat itself. Instead, the labor force remained on a relatively stable course from mid-1983 on.

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* The civilian employment series differs from the nonagricultural wage and salary employment series. Wage and salary employment data represent a job count, and are compiled from employer reports. Civilian labor force, employment, and unemployment data are derived from a household survey.

Regional Patterns

The number unemployed peaked at 1,360,000 as of December 1982. By February 1984 the number had edged below 1 million for the first time since November 1981. The improvement has not been evenly spread through the State, however. The extremes are Imperial County, with an unemployment rate of 32 percent as of December last year, and Marin County with a low of 4.7 percent. It should be noted that these rates are not adjusted for seasonal variation. This fact distorts the situation for Imperial County. The resource and agricultural counties typically experience a sharp rise in unemployment during the winter months when activities are either suspended or greatly reduced.

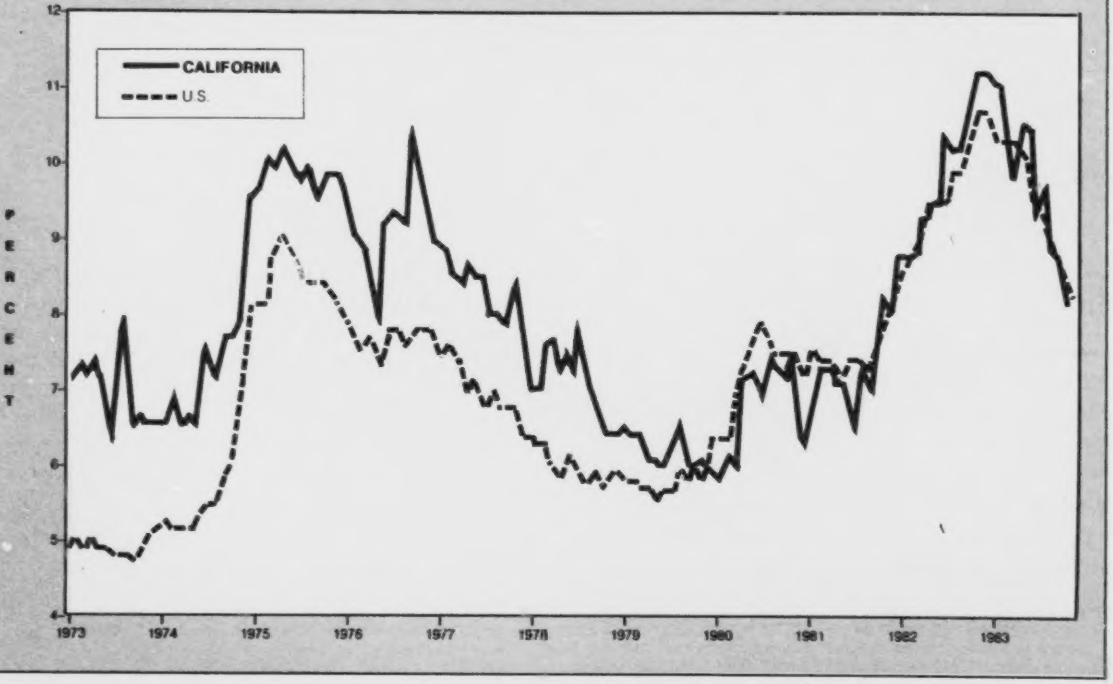
Some of the larger metropolitan areas, predominately suburban, have seen joblessness

TABLE II-5
CALIFORNIA LABOR FORCE AND EMPLOYMENT
1982 AND 1983
(In thousands)

		1983		
			Change from 1982	
	1982	*Thousands*	*Thousands*	*Percent*
Civilian Labor Force	12,184	12,333	149	1.2
Civilian Employment	10,973	11,141	168	1.5
Unemployment	1,211	1,192	−19	−1.6
Unemployment Rate	9.9	9.7	—	—

Source: California Employment Development Department

FIGURE II-5
CALIFORNIA AND U.S. UNEMPLOYMENT RATES
1973 TO 1983



return to prerecession levels, and even approach the now-generally accepted definition of full employment. These areas are supported primarily by services, trade, government, and aerospace—activities which are less sharply impacted by downturns.

Other areas, particularly those in the Central Valley, continue to experience unemployment rates of 10 percent or higher. The most serious problems exist in the resource counties of the north State. These rural areas rely heavily on lumber and agriculture. Agriculture was hard hit by wet weather and lower prices for many important crops. Although the lumber industry did rebound during the year, it has yet to return to a pre-recession level of activity.

The following shows the counties with the highest and lowest unemployment rates for 1983:

Imperial	34.6%
Sutter	22.9
Sierra	21.0
Siskiyou	19.6
Del Norte	19.1
San Benito	19.1
Yuba	19.7
Stanislaus	18.4
State Average	9.7%
Contra Costa	7.6%
Santa Barbara	7.6
Santa Clara	7.2
San Luis Obispo	6.6
Orange	6.5
San Mateo	6.4
Marin	6.0

State-National Comparison

The 1980s have seen a new relationship develop between the California and national unemployment rates. From the mid-1950s through 1979, the California unemployment rate was higher than the national rate, sometimes by nearly three percentage points. Beginning in 1979, however, the two rates ran much closer together. More importantly, California's monthly unemployment rate since 1980 has been lower than the national more often than not. For all of 1983, however, the U.S. unemployment rate of 9.6 percent was 0.1 percent lower than the California rate. Figure II-4 compares U.S. and California unemployment rates over the 1973 to 1983 period.

Jobless rates vary considerably by age, sex and race or ethnicity. In each case, however, the improvement achieved during the past year is masked by annual averages. Not surprisingly, unemployment is lowest for women, highest for the 16 to 19 age group. Even for the latter, significant strides were made during 1983 to bring the rate under control.

Unemployment rates by group *	*December 1982*	*December 1983*
Total	11.0	8.0
Sex:		
Men	11.9	8.4
Women	9.9	7.5
Age:		
16–19	24.6	15.9
25–64	9.2	7.2
Race/ethnicity:		
White	10.2	7.2
Nonwhite	15.2	12.7
Black	21.2	14.4
Hispanic	15.6	12.3

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* Data not seasonally adjusted.

The first months of 1984 saw further gains against unemployment overall, with the rate for February dropping to 8 percent. It is unlikely that the entire year will see improvement comparable to that of recent months. Even gradual rate declines, however, will result in many unemployed being able to find work.

Longer Term Trends

Social and demographic factors have had—and will continue to have—a significant impact on the labor force. Growth in the total labor force, for instance, has been strong over the past decade due in large part to the increasing role of women. Unemployment rates, in particular, have been heavily influenced by the age distribution of the population. Social considerations include the apparently emerging trend toward earlier retirement.

Developments in each of these areas may well lead to considerably different labor force trends over the next decade.

Women. The steadily rising labor force participation of women has been a major influence. In 1960, less than 43 percent of all women between the ages of 20 and 64—the primary working years—were in the labor force. During the next two decades, changing economic and social conditions resulted in smaller families and a delay in child bearing. In addition, more women returned to work after their children were born. Other considerations, such as the need for two wage earners in a family to offset the high rate of inflation, are more difficult to quantify, but cannot be ignored in an overall analysis. By 1980, labor force participation of women had reached 62 percent.

Comparative growth figures illustrate this trend even more clearly:

	Percent Change		
	1960–70	1970–80	1960–80
Total civilian labor force	+31.5	+42.5	+87.3
Men	+21.9	+31.8	+60.6
Women	+50.8	+59.8	+141.0

Women accounted for 33.2 percent of the labor force in 1960. By 1980, this ratio had increased to 42.8 percent.

Regional variations in labor force participation rates for women 20 to 64 are substantial. in general, rates are highest in the larger metropolitan counties, and still relatively low in outlying and rural areas. The two extremes are San Francisco, at 71.0 percent, and Lake County at 40.7 percent. Lake County reflects the fact that it is heavily oriented toward retirement groups, with a comparatively limited economic base. Table II-6 gives 1980 participation rates for women for each county in the State.

There are obviously limits to the rise in the proportion of women in the labor force. Less growth in the future can be expected in counties with high rates in 1980. Growth in the rural counties will depend to a large extent on the rate and type of economic development which takes place over the next 10 to 20 years. At some point

TABLE II-6
LABOR FORCE PARTICIPATION RATES FOR WOMEN BY COUNTY, 1980
(Based on 20 to 64 age group)

County	*Rate*
San Francisco	.710
San Mateo	.688
Mono	.686
Marin	.677
Santa Clara	.676
Alpine	.665
Alameda	.651
Orange	.650
Los Angeles	.632
Santa Barbara	.628
Santa Cruz	.622
Sacramento	.621
CALIFORNIA	.619
Contra Costa	.615
Yolo	.613
Monterey	.608
Ventura	.606
San Benito	.606
Napa	.596
El Dorado	.595
San Diego	.594
Sonoma	.594
Fresno	.586
Solano	.585
Stanislaus	.580
Glenn	.573
Placer	.571
Inyo	.568
San Luis Obispo	.563
San Joaquin	.560
Merced	.558
Sutter	.557
San Bernardino	.553
Humboldt	.551
Tulare	.547
Riverside	.544
Kern	.541
Sierra	.540
Kings	.538
Nevada	.538
Mariposa	.536
Plumas	.531
Butte	.530
Shasta	.527
Mendocino	.526
Lassen	.526
Madera	.524
Imperial	.520
Siskiyou	.514
Del Norte	.513
Tuolumne	.504
Modoc	.502
Yuba	.502
Colusa	.495
Tehama	.473
Amador	.473
Trinity	.470
Calaveras	.462
Lake	.407

a tentative equilibrium will be established, which will result in much slower labor force growth from this source. Assuming average economic growth at that time, the unemployment rate could well decline to, or near, generally accepted full employment levels.

Age Distribution. Age distribution is a second major factor in labor force trends. Maturing of the post World War II baby boom accelerated the rate of new entrants to the labor force since 1960. The subsequent decline in the birth rate removed some of the pressures from this source. Between 1970 and 1980, for instance, the total number of persons in the State between the ages of 16 and 19 *declined* from 2.2 million to 1.7 million. The future impact of age distribution is currently being studied, to determine at what point it will become a lesser influence in the recent above-average growth rate of the labor force.

A related social consideration is the retirement age. The latest recession led to significant cost-cutting efforts at many companies. There were notable restructurings and consolidations which led to employee cutbacks, often by encouraging early retirement.

This may also reflect a changing attitude, or preference, for additional leisure time by employees. To the extent that it does, a new trend may be developing which will work to hold down the size of the labor force in the future. There is some question as to whether such a trend will continue, however. Changes in social security benefit requirements over the next decade and possible tightening of private and public retirement plans may retard this development, or even reverse it.

There is already some evidence of such a trend. In 1960, 17.9 percent of the population aged 65 and over was still in the labor force. This fell to 14.2 percent by 1970, and was down further to 12.7 percent by 1980. Data for the 60 to 64 age group show a similar decline, falling from 59.3 percent as of 1960 to 55.3 percent in 1980.

Migration. Migration patterns cannot be ignored. The diversity of California's economic base has encouraged in-migration of individuals in the primary working ages. Data derived from driver's license address changes indicate that 56 percent of the migration to California from other states falls in the 25 to 44 age group. Only 13 percent are 45 or over. In fact, the State has experienced net *out* migration of persons in the latter age group. Assuming continuation of relative economic growth patterns among the various states, California should continue to benefit from the movement of these working-age groups to the State.

The situation with respect to undocumented workers and refugees is far less clear, given a lack of good data. There are no precise estimates on the number of such people in California, their movement from one area or state to another, or their labor force status. There is no reason to assume any major change in recent trends, however. Both illegal workers and refugees will continue to be an important segment of the labor force for the foreseeable future.

The combination of these various developments resulted in a labor force growth rate approximately twice that of the total population between 1960 and 1980. Absorbing new workers with limited skills was a continuing concern in California as elsewhere. And, as could be expected, there was a gradual rise in the unemployment rate over both expansionary and recessionary periods. This situation may well be nearing an end, however, as a balance is struck with respect to labor force participation of women and the maturing age distribution.

If economic growth continues at least at a moderate pace, California could experience a sharp decline in the unemployment rate, effectively leading to full employment within the next 10 to 15 years.

The Employment Outlook

Nonagricultural wage and salary employment in the State is expected to rise by 3.9 percent in 1984. This rate will reflect a somewhat slower quarter-to-quarter growth than occurred during the past 12 months. The forecast for 1985 is for further moderation, to a 2.6 percent increase.

The outlook for the goods producing sectors—mining, construction, and manufacturing—is mixed. Construction employment is expected to surge by 9.2 percent, as recovery in both residential and nonresidential construction continues. Manufacturing is forecast up slightly faster than total nonagricultural employment, with nonaerospace durable goods showing the most strength. Mining should rise only slightly, as weak energy prices continue to discourage any expansion in exploration.

Growth in the service-related industries is expected to maintain its current, moderate growth rate through 1985. The notable exception is government employment. Federal employment is expected to remain constant at about 327,000 jobs, while other levels of government should grow only slightly.

Unemployment will continue to decline slowly throughout this year and into 1985. By mid-1985, significant reductions in the number of people unemployed may prove difficult to achieve. The unemployment rate is therefore likely to stabilize at about 7½ percent.

It should be noted that there are still a great number of uncertainties regarding the outlook even for 1984, let alone 1985. If interest rates should rise significantly, the expansion could be cut short, leading possibly to the onset of another recession early next year. Alternatively, it is not unrealistic to project a substantially higher rate of growth for both 1984 and 1985, assuming that economic activity continues at a strong pace with no imbalances developing. California has experienced such unexpected booms in the past.

TABLE II-7
CALIFORNIA EMPLOYMENT, 1984 AND 1985:
Percent changes except as noted

	1984	*1985*
Civilian Labor Force	2.2	2.3
Civilian Employment	4.3	2.6
Unemployment	−16.9	−1.8
Unemployment Rate (percent)	7.9	7.6
Total Nonagricultural Employment	3.9	2.6
Mining	1.1	1.5
Construction	9.2	1.8
Manufacturing	4.2	3.0
Nondurable goods	2.5	3.0
Durable goods	5.0	3.0
Aerospace	3.3	3.0
Other durables	6.6	3.0
Transportation and Public Utilities	4.8	3.4
Trade	4.4	3.3
Wholesale	4.0	2.9
Retail	4.6	3.5
Finance, Insurance, and Real Estate	3.7	3.3
Services	4.2	3.1
Government	1.3	0.2
Federal	0.4	n.c.
State and Local	1.5	0.2

Revised forecasts for the State will be available in May, and may be obtained from the California Department of Finance. The next forecast will incorporate new benchmarks for both employment and income. Preliminary data suggest that these benchmarks will lead to an upward revision in most series.

Other Employment Developments and Issues

Collective Bargaining Negotiations

During 1984, 166 major contracts—each covering at least 500 workers—are due to expire or reopen. These contracts will involve 409,160 union workers, as contrasted with 670,000 involved in major negotiations during 1983 and 462,660 in 1982. Of the 409,160 workers involved in negotiations this year, 333,580, or 81.5 percent, are in sectors other than manufacturing.

Table II-8 summarizes major California wage negotiations in 1984. The following material details the specific groups involved.

- Among the major agreements up for negotiation during the year are contracts involving 16,930 workers in aircraft and ordnance, 14,500 of which are included in three contracts to be negotiated in February, March and May. These agreements are between the International Association of Machinists and Rohr Industries, the United Auto Workers and Rockwell International, and the International Association of Machinists and General Dynamics Convair.
- About 28,340 construction trades employees will be involved in negotiations in 1984, only 12 percent of the number involved in 1983. Each 1984 contract involves fewer than 2,000 workers. Ten of the 28 contracts to be negotiated in construction involve electrical workers, and will be negotiated during May and June.
- Five agreements involving 43,050 workers in rail, water and local transportation expire this year. The largest contract, expiring in July, involves the Interstate Railroads and six unions—the Locomotive Engineers, Maintenance of Way Employees, Railway Clerks, Sheet Metal Workers, Signalmen, and the United Transportation Union. Statewide agreements between the Longshoremen and Clerks and the Pacific Maritime Association will also be renegotiated in July. In April, the Master Trucking Industry Agreement with the Teamsters may reopen for a cost-of-living adjustment; this comes after a one-year freeze

in wages. A major contract in the electric, gas and sanitary services industry involves Southern California Gas Company and the Utility Workers of America. Two contracts involving 8,400 workers are included in this year's transportation negotiations.

- In August a major agreement involving retail food and liquor stores expires. This agreement includes the Retail Clerks and the Food Employers Council and Independents in Southern California. A total of 53,100 workers are included in this industry.
- Twelve contracts involving 29,350 workers in eating and drinking places, hotels and other lodging places are up for negotiations. Two contracts in this industry account for 50 percent of the workers. These agreements, which expire in January and September, involve the San Mateo County Retaurants and Hotel Owners Association and the Golden Gate Restaurant Association with the Hotel Employees and Restaurant Employees.
- The professional, educational, and related services industry has eight major contracts totaling 15,790 workers to be negotiated during the year—the largest of which expires in April. The April agreement involves Kaiser Foundation Hospitals, Southern California Permanente Medical Group, Kaiser Foundation Health Plan and Southern Permanente Services with the Service Employees, Hospital, Institutional and Professional Service Union.
- In July, the U.S. Postal Services agreement with the American Postal Workers, Letter Carrier, Rural Letter Carriers and Laborers will be negotiated.

TABLE II-8
MAJOR CALIFORNIA WAGE NEGOTIATIONS IN 1984[a]

Month	*Industry*	*Number of Workers*
January	*All industries*	*19,620*
	Petroleum, and refining industries	5,750
	Eating and drinking places, hotels and other lodging places	5,700
February	*All industries*	*15,200*
	Aircraft and ordnance	3,000
	Eating and drinking places, hotels and other lodging places	4,130
March	*All industries*	*20,720*
	Aircraft and ordnance	8,830
	Personal services	3,500
April	*All industries*	*66,810*
	Canning and preserving	4,700
	Trucking and warehousing	28,330
	Electric, gas and sanitary services	6,100
	Stone, clay, and glass products	3,000
	Professional, educational, and related services	9,100
May	*All industries*	*16,950*
	Construction—special trades	4,150
	Aircraft and ordnance	3,500
June	*All industries*	*35,520*
	Construction—special trades	14,800
	Retail trade except food and automobile	6,000
	Finance, insurance and real estate	3,000
	Personal services	3,060
July	*All industries*	*133,330*
	Construction—special trade	4,470
	Rail, water and local transportation	41,550
	Retail trade except food and automobile	4,150
	Eating and drinking places, hotels and other lodging places	4,250
	Motion pictures	3,800
	Professional, educational, and related services	3,500
	Government	65,740
August	*All industries*	*61,820*
	Retail trade, except food and automobile	52,600
	Eating and drinking places, hotels and other lodging places	4,000
September	*All industries*	*15,920*
	Eating and drinking places, hotels and other lodging places	8,870
October	*All industries*	*15,540*
	Ship and boat building and repairing	3,200
	Chemicals and allied products	3,200
	Business services	3,800
November	*All industries*	*7,230*
	Air transportation	3,630
December	*All industries*	*500*
	ALL MAJOR CONTRACT NEGOTIATIONS IN 1984	409,160

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[a] During the months specified the individual industries listed have at least 3,000 workers involved in bargaining. The all-industries total includes all contracts covering 500 or more workers in each of the months specified.

Apprenticeship

Last year the California Department of Industrial Relations (DIR) sought to create new training opportunities in nontraditional occupations. These occupations included technicians for computers, biometric instruments, energy systems and other high technology equipment. Also included were a large number of computer occupations, such as programmers and designers. The programs involved industries and employers that have not previously used the apprenticeship concept.

Unlike construction, which tends to be cyclical, the newer occupations tend to have a more stabilized workforce and hopefully a more predictable needs assessment. By combining resources through coordination and cooperative arrangements, DIR has been able to address the needs for workers to become "computer literate" by upgrading their skills with on-the-job training and related classroom instruction.

DIR is planning to administer a wide range of activities and services in the ensuing year. These activities will address industry needs to put people to work in meaningful occupations for which they are suited. There are also plans to coordinate apprenticeship programs with related economic and community development activities to counter both structural and cyclical unemployment. It is of paramount importance that programs be for those persons who are jobless for lack of a marketable skill.

III. INFLATION

One of the primary objectives of monetary policy since late 1979 has been the reduction of inflationary pressures. The past year was a milestone in this regard: inflation was at the lowest level in more than a decade.

The length of the latest recession was one factor bringing price changes under control. Rising unemployment and a decline in consumer confidence held spending in check. Operating rates in most sectors were severely reduced. Corporate balance sheets deteriorated sharply in many cases, and bankruptcies became a growing concern. This environment led to a widespread reappraisal of pricing policies. In effect, the softening in final demand led to a change in pricing practices.

Nationally, the consumer price index for all urban consumers (the CPI) was up 3.2 percent for 1983. This was the smallest rise since 1967.

Trends during 1983 reflected substantial improvement in even those areas which had been considered the most difficult to contain. Medical care, for instance, was up only 6.4 percent between December 1982 and December 1983, the slowest growth rate since December 1973. Gasoline prices were down 1.6 percent as of year-end. In fact, the CPI for gasoline was 8 percent below the level of December 1981. Food prices had been of concern early in 1983, yet when the year closed out, they were up a modest 2.6 percent. New car prices were only 3.4 percent higher despite the strong upturn in sales.

At least some of the improvement in the overall CPI must be attributed to the January introduction of the new index which removed the housing price and mortgage interest components. This change, coupled with the impact of declining interest rates during the last half of 1982, had a dramatic effect on the CPI for California. In Los Angeles, for example, the change in indexes and declining interest rates led to an implied decline in homeowners' cost of 2.3 percent. For the year

FIGURE III-1
CALIFORNIA AND U.S. CONSUMER PRICE INDEX
ALL ITEMS, ANNUAL PERCENT CHANGES

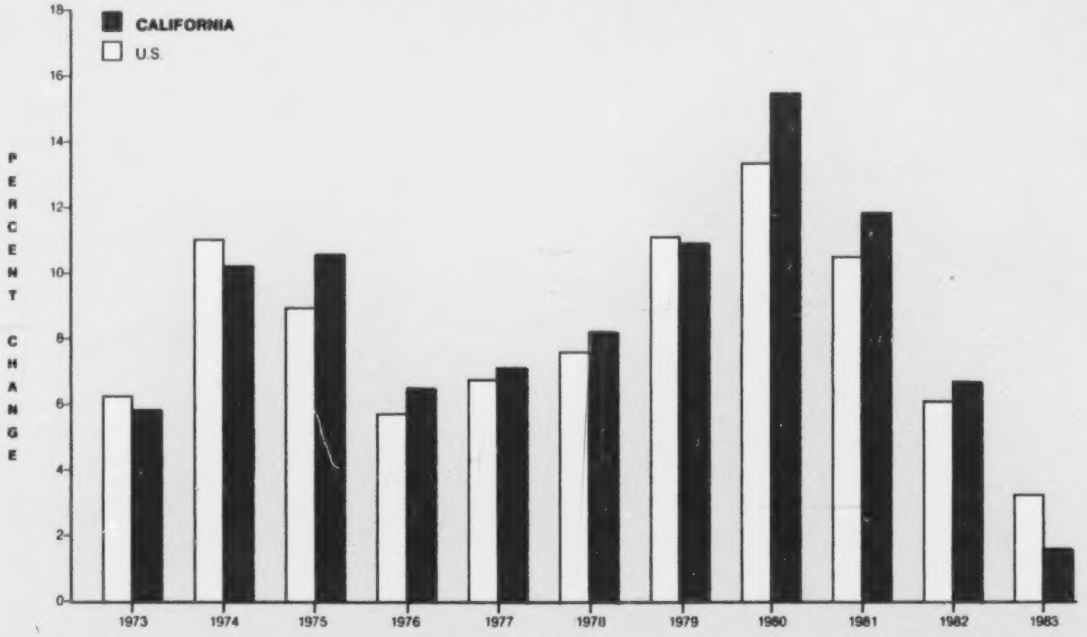


TABLE III-1
ANNUAL PERCENT CHANGE IN THE COMPONENTS OF THE CONSUMER PRICE INDEX, U.S. AND CALIFORNIA SMSAs, 1983

	U.S.	*Los Angeles*	*San Francisco*	*San Diego*
All items	3.2	1.8	0.8	2.9
Food and beverages	2.2	3.3	2.2	5.8
Housing	2.7	0.5	−0.1	2.3
Shelter	2.3	−0.5	−0.2	1.3
Rent, Residential	5.8	6.6	9.9	8.7
Fuel and other utilities	5.6	11.3	−2.2	11.6
Household furnishings and operation	2.3	−0.2	4.0	2.7
Apparel and upkeep	2.5	0.8	0.2	3.2
Transportation	2.4	1.4	1.9	3.3
Private	2.2	1.6	1.5	3.5
Gasoline	−3.3	−5.7	−4.5	−5.0
Public	4.3	−3.7	6.8	0.2
Medical Care	8.7	7.0	6.9	8.2
Entertainment	4.3	2.3	0.3	4.9
Other goods and services	10.9	9.9	11.6	9.4

Table III-2
MONTH-TO-MONTH PERCENT CHANGES IN THE U.S. AND CALIFORNIA CONSUMER PRICE INDEXES, 1983

	U.S.	*California*	*Los Angeles*	*San Francisco*	*San Diego*
January	0.2	—	0.1	—	1.0
February	0.0	0.8	0.4	1.2	—
March	0.1	—	0.1	—	0.8
April	0.7	1.0	0.8	0.7	—
May	0.5	—	0.9	—	1.4
June	0.3	1.3	0.5	1.2	—
July	0.4	—	0.3	—	1.0
August	0.3	0.7	0.2	1.0	—
September	0.5	—	0.4	—	1.6
October	0.3	0.5	0.2	−0.1	—
November	0.2	—	−0.2	—	0.6
December	0.1	0.3	0.4	0.5	—

(1983), the California index was up 1.6 percent, the smallest gain in two decades.

As for the Nation, there was a major curtailment of price pressures in many areas. The notable exceptions to the national pattern were in homeowners' costs, residential rent and home fuels, all of which were up strongly.

Table III-1 shows the annual change for the major components of the CPI.

Two consecutive years of slowing inflation have had various impacts on the economy. First, the inflation psychology which contributed to price pressures in the past several years has been virtually eliminated. Second, there has been a change in consumer spending habits. For example, demand for gasoline in California increased in 1983 for the first time since 1977 as prices were cut. Demand for larger cars also strengthened, due at least in part to this development. Finally, wage increases were more moderate than for a number of years, particularly for workers with annual cost-of-living adjustments tied to the CPI.

These trends have created a more stable environment which should permit inflation to remain under control even as the general economic recovery continues.

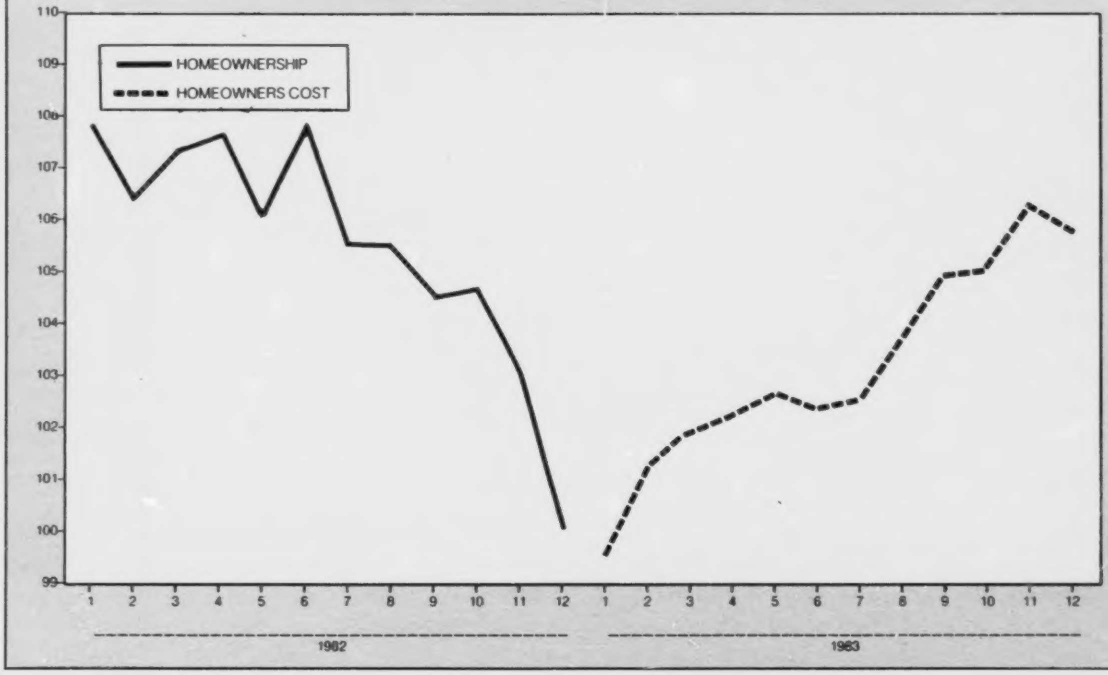
Interpreting the California Data

There is a widespread perception that CPI data for individual metropolitan areas are the best measures of inflation in an area. This is true only in so far as there are rarely any alternative measures available. The problems associated with the fixed "market basket" concept of the CPI have been discussed at length in prior Economic Reports. Briefly, the CPI does not recognize shifts in spending patterns as a result of relative price changes.

Going beyond this, there are technical issues which are often overlooked. The CPI is based on sample data, and subject to both sampling and measurement errors. At the national level, the effect of these errors is negligible. The local area indexes, however, are by-products of estimating the national CPI. Because each local index is a small subset of the national index, it has a smaller sample size, is subject to more errors, and shows greater volatility than the U.S. CPI. When interpreting the California cities indexes, therefore, one should be concerned more with long term trends than short term deviations.

The California consumer price index is a population weighted average of the individual indexes for Los Angeles-Long Beach, San Francisco-Oakland, and San Diego. Over time, these indexes tend to mirror national trends. In the short run, however, there can be significant differences. For example, home fuels and other utilities in San Francisco-Oakland declined 1.2 percent in 1983, in sharp contrast to the 5.6 percent gain nationally and the 11.3 percent rise in the Los Angeles area. The decline in the Bay Area was due in part to large electrical rate hikes in 1982, followed subsequently by rate reductions tied to lower oil prices. At the end of 1983, the Bay Area index for fuels and utilities was reduced further by the six-month lifeline rate schedule effective from November through April. Table III-1 illustrates other regional differences in the major components of the CPI. Table III-2 gives month-to-month changes in the indexes during the past year.

FIGURE III-2
LOS ANGELES CPI: HOMEOWNERSHIP VS. HOMEOWNERS' COST
(DECEMBER 1982 = 100)



The Future of the Consumer Price Index

The U.S. Department of Labor, Bureau of Labor Statistics (BLS), is aware of both the strengths and weaknesses of the CPI. One of the major weaknesses relates to the basic weights of items in the indexes. These are still tied to the consumer expenditure survey taken in 1972 and 1973. Since then there have been substantial changes in what Americans buy and how they live. The increasing proportion of two-worker families, for instance, has both raised the income level of many families and changed the way those incomes are spent. Furthermore, population shifts, technological changes, and the introduction of new products are not recognized in the existing CPI methodology.

The BLS is currently examining virtually all aspects of the CPI. These include the statistical adequacy and frequency of publication of local area indexes, adjustments to reflect current spending patterns, the possibility of dropping the Wage Earners' and Clerical Workers' series, and the conversion of the CPI to a 1977 base year.

A major revision of the consumer price index will be completed effective with publication of the CPI for January 1987. There are already indications of some of the more likely changes.

- Traditionally, consumer expenditure surveys were conducted only in association with a CPI revision. The survey results were the basis for determining how much weight each item would get in the overall index. The weights were not changed to reflect shifting spending habits until the next CPI revision. Starting in 1980, a survey of consumer expenditure patterns became an ongoing process. By continuously monitoring the type and quantity of individual items being purchased, the BLS will be able to adjust the CPI more frequently to reflect changing spending patterns. The current plan is to construct an experimental CPI with changing weights to compare to the official fixed weight index.

- The geographic areas being surveyed will be adjusted to reflect the new Metropolitan Statistical Area (MSA) criteria. In California, the Los Angeles-Long Beach-Anaheim index will be expanded to include Santa Barbara, Ventura, San Bernardino, and Riverside counties. The San Francisco-Oakland survey area will be expanded to include Santa Clara County. Expansion of the Bay Area survey will give the San Francisco-Oakland index the fifth largest population base of all CPI survey areas. Under the current publication criteria, the San Francisco-Oakland index would become a monthly, rather than bimonthly, series.

- The 28 local areas for which CPI's are published are self representative; that is, the published local area CPI's measure and reflect price trends only for that area. To measure price trends in the urban areas of the U.S. not priced directly, the BLS currently surveys 57 other urban areas. These 57 urban areas were randomly selected in such a way that all population sizes and geographic regions were represented proportionally. Each time the CPI is revised, these unpublished local areas are redrawn. This has already been done for the 1987 revision. In California, Fresno will continue to be surveyed, but the Salinas and Bakersfield areas will be dropped. The Sacramento and Redding areas, however, will be added.

- The CPI was originally scheduled to be rebased to 1977 effective with the January 1982 Index. The rebasing was postponed because of budgetary constraints. Past experience of the BLS shows that the number of public inquiries doubles when a rebasing occurs. Accordingly, the BLS would like to postpone the rebasing as long as possible. It is quite likely that the rebasing will occur when the CPI is revised to reflect current spending patterns. There is a possibility that the rebasing could be undertaken even sooner.

Alternative Measures of Inflation

There are other measures of inflation which provide a guide to price changes. The implicit price deflators from the national income and product accounts are viable alternatives. Deflators measure the difference between current and constant (1972) dollar values within the GNP accounts, and over time provide an assessment of aggregate price change based upon actual economic transactions. The major series include the overall GNP deflator, the personal consumption expenditures deflator, and—for government budget considerations—the State and local government deflator.

The personal consumption expenditures (PCE) deflator is most ~~relevant~~ for individuals. The PCE deflator is based upon current transactions, and therefore reflects shifts in consumer spending patterns over time. It is only available on a national basis. As such, however, it smoothes out the distortions which can arise in local CPI indexes. The PCE deflator has been used, for instance, to calculate the trends in real income discussed in the section on personal income.

The PCE deflator increased 3.9 percent in 1983. This was the first time since 1972 that the CPI rose less than the PCE deflator. The elimination of home purchase and financing costs from the CPI should remove some of the difference between this measure of inflation and the personal consumption expenditures deflator. The following compares the annual percent change in the CPI with that of the PCE deflator from 1972 to 1983.

	U.S. Consumer Price Index	*Personal Consumption Expenditures Deflator*
1972	3.3%	3.7%
1973	6.2	5.8
1974	11.0	10.0
1975	9.1	7.6
1976	5.8	5.2
1977	6.5	5.8
1978	7.7	7.0
1979	11.3	9.0
1980	13.5	10.2
1981	10.4	8.4
1982	6.1	5.8
1983	3.2	3.9

Outlook

Assuming no unexpected external shocks, inflation should remain under control through 1984. Forecasts for 1985 are more tenuous, and depend to a large extent on individual appraisals of food, energy and rent price trends, and interest rates. The recent slowdown in the pace of economic recovery should preclude any significant short term acceleration due to excessive demand pressures.

The U.S. CPI is expected to increase about 5.0 percent in 1984 and 5.3 percent in 1985. The PCE deflator is expected to rise at approximately the same rate. California may well see a somewhat greater CPI gain, however, reflecting in part stronger gains in rents, fuels, food and transportation. As of March, it appeared that the overall index for the State would be up between 5 and 5½ percent in 1984.

IV. INCOME

Personal income is the most comprehensive indicator of economic activity for California. Nationally, personal income is over 80 percent of the level of Gross National Product. There are no official gross product figures for individual states. Total personal income is therefore a primary measure of the overall size and growth of the State's economy.

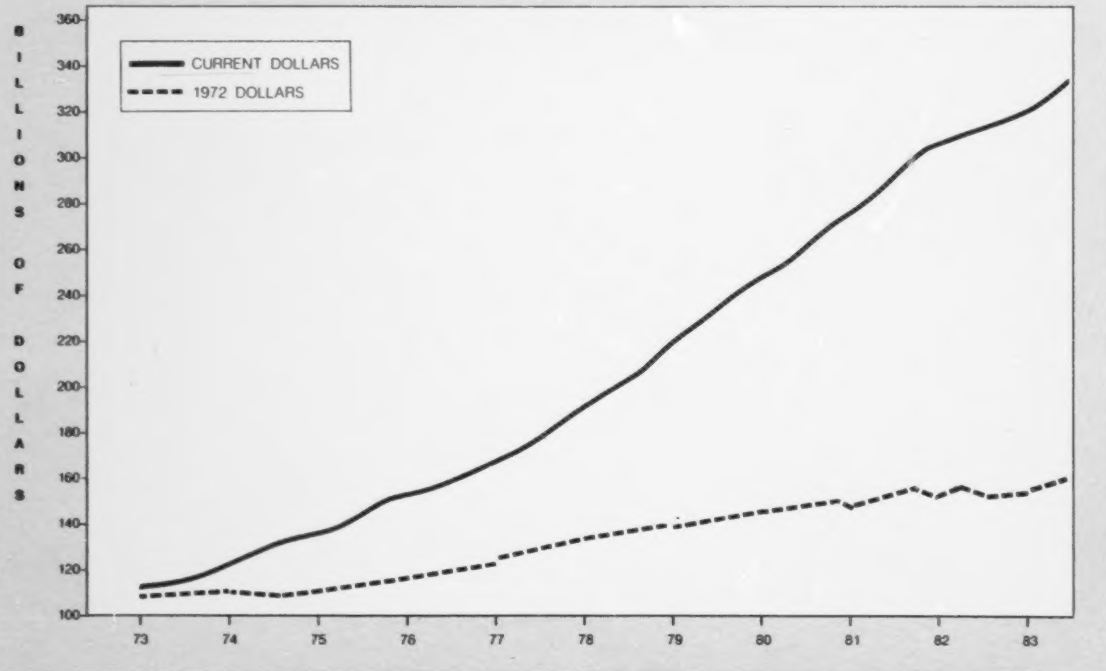
During 1983, personal income in California grew by 7.5 percent, to an estimated $334.0 billion. The increase was considerably better than the 6.4 percent rise in 1982.

There was a substantial difference in the growth of the components of income last year. The most dramatic change was registered in interest income. Declining interest rates between mid-1982 and early 1983 resulted in an actual drop in the national estimate of interest income between December 1982 and April 1983. Interest income in California is a function of the national total, and therefore reflected a similar pattern. It should be noted, however, that this component of income has been revised substantially in past years. The mid-year revisions of the national income accounts and the State income series may well result in a somewhat higher figure.

Wages and salaries, which account for approximately 62 percent of all personal income, were up by 8.3 percent in 1983. The strongest gains occurred in the finance-insurance-real estate, services, and Federal civilian components. Those sectors most severely impacted by the recession, such as construction, manufacturing, and transportation-utilities, showed substantially less improvement during the year.

The trend in proprietors' income must be discounted to some extent. The decline in the nonfarm component from 1980 to 1982 was due to the interaction of two factors: recession and tax shelters. The latter includes the impact of The

FIGURE IV-1
CALIFORNIA PERSONAL INCOME:
CURRENT AND CONSTANT DOLLARS



Economic Recovery Tax Act of 1981, which put into effect the accelerated cost recovery system. Depreciation charges resulting from this rose markedly. The snapback in 1983 undoubtedly reflects the improved economic situation. It may also indicate some slowing from the initial impetus created for expansion of tax shelters.

One of the more significant developments was the moderate rise in transfer payments. Changes in Federal payment programs account for some of the slowdown. Of perhaps greater import was the curtailment of inflation. Most benefits are tied to changes in the consumer price index, which was held in check for the past year. Beyond this, there was a sharp decline in unemployment insurance payments from 1982 to 1983, reflecting the substantial reduction in the jobless rate from February 1983 on.

Real Personal Income

Inflation trends mask the underlying strength of the growth in income. A 7 percent increase in personal income has quite different interpretations depending on whether inflation is three or nine percent. Real personal income—personal income adjusted for inflation—rose by 3.4 percent in California last year, compared to a gain of 0.6 percent in 1982. The inflation measure used to calculate these percent changes was the personal consumption expenditures implicit price deflator which was up 3.9 percent in 1983. Use of an alternative measure of inflation would yield slightly different figures.

Table IV-1 shows actual and inflation-adjusted growth in the various components of personal income for 1982 and 1983.

Growth in California Personal Income—at 7.5 percent—surpassed the 6.3 percent pace nationally during 1983. In each of the last ten years California has outperformed the rest of the country. Over the decade California's income as a percent of the total U.S. has risen from 10.8 percent to 12.2 percent. Per capita income in this State has consistently been above the national average. In 1983 it stood at an estimated $13,254, or 13.3 percent higher than the national average of $11,700. Per capita income in the State was the fifth highest in the Nation in 1982, behind Alaska,

FIGURE IV-2
CALIFORNIA AND U.S. PER CAPITA INCOME
1973–1983

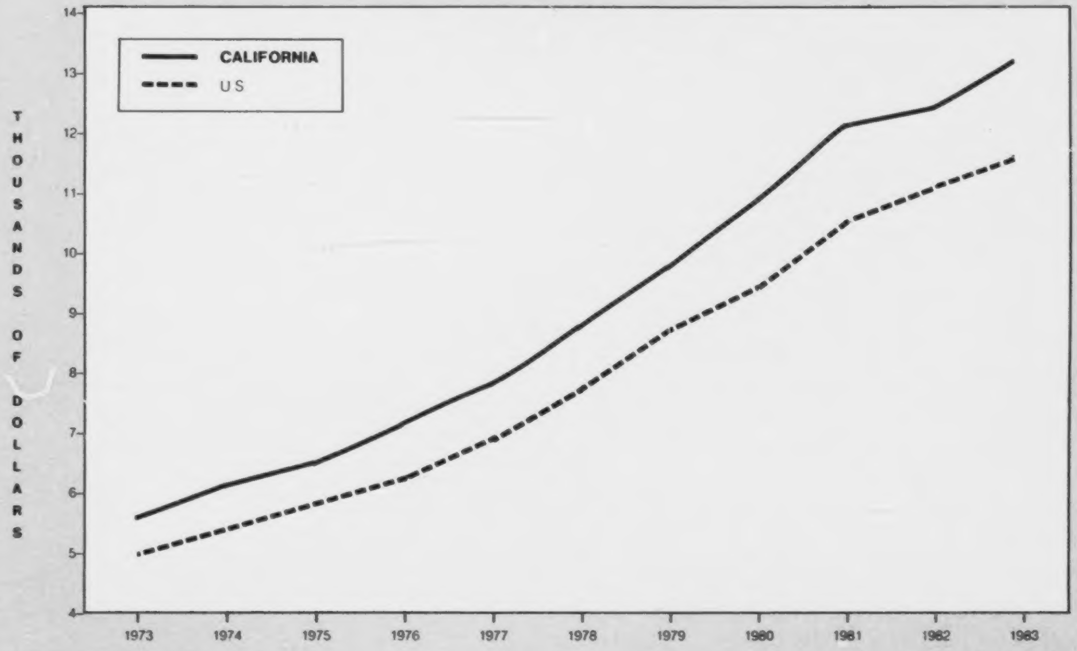


TABLE IV-1
PERCENT CHANGE IN CALIFORNIA PERSONAL INCOME BY SOURCE: 1982 AND 1983

	Current Dollars		*1972 Dollars*	
	1982	*1983*	*1982*	*1983*
Total Personal Income	6.4	7.5	0.6	3.4
Wages and Salaries	5.9	8.3	0.1	4.2
Other Labor Income	10.4	14.1	4.4	9.7
Proprietors' Income	−8.4	18.7	−13.4	14.2
Farm	−26.2	−3.2	−30.3	−6.9
Nonfarm	−2.7	24.0	−8.0	19.3
Property Income	7.5	1.8	1.7	−2.1
Dividends	6.4	6.1	−0.1	2.1
Interest	5.7	−0.2	0.6	−4.0
Rent	16.8	9.4	10.4	5.3
Transfer Payments	10.9	6.6	4.9	2.5
Contributions for Social Insurance	8.4	9.0	2.5	4.9

the District of Columbia, Connecticut and New Jersey. Data for 1983 will be available in August of this year. It is expected that California's ranking will remain the same.

Outlook

Total personal income is forecast up 9.8 percent this year, a substantially greater gain than achieved during the last two years. The anticipated low rate of inflation will lead to a 5.2 percent increase in real income—the strongest growth since 1978.

Wages and salaries will be up nearly 10 percent, due to a 5.6 percent rise in average wages, in combination with a nearly 4 percent gain in employment. Farm income is expected to improve significantly in 1984. Income from the PIK—payment in kind—program, and stable interest rates and fuel prices will help control the rise in operating expenses. Nonfarm proprietors' income, property income, and other labor income—fringe benefits—are also expected to post strong gains.

The outlook for 1985 is still subject to considerable uncertainty. Assuming further economic expansion nationally and a moderate rate of inflation, income should rise by 8.4 percent, passing the $400 billion mark for the first time.

Table IV-2 gives forecasts of income by source for 1984 and 1985. Updated forecasts will be available in May on request from the California Department of Finance, Economic Research Unit.

TABLE IV-2
GROWTH IN CALIFORNIA PERSONAL INCOME, 1984 AND 1985
(Percent changes)

	1984	*1985*
Total Personal Income	9.7	8.4
Wages and salaries	9.7	8.3
Other labor income	13.0	11.4
Farm proprietors' income	25.2	−0.8
Nonfarm proprietors' income	15.1	8.6
Interest income	11.7	8.6
Dividends	9.6	9.8
Rental income	8.0	8.6
Transfer payments	5.4	7.3
Less: Contributions for social insurance	12.3	8.7

V. TRADE

Retail sales in California rebounded sharply in 1983. The total value of durable and nondurable goods was $142.3 billion, versus $128.9 billion in the preceeding year. The 10.4 percent increase was significantly above the rate of inflation, indicating substantial real gains. Sales rose consistently throughout the year, with December reaching a new all-time high.

Retail sales growth was fairly uniform throughout the State last year. The notable exception was the San Diego metropolitan area, where sales grew only 5.7 percent. The devaluation of the Mexican peso led to many people crossing the border into Mexico to take advantage of the buying power of the dollar.

Total Retail Sales

Information on retail sales is compiled by the U.S. Department of Commerce based upon a monthly sample of retail establishments. No detail is available for states on sales by type of business. Summaries are provided, however, for durable goods, nondurable goods, department stores, and general merchandise (GAF).* Nondurable goods sales in California comprise 65 to 70 percent of total retail sales, roughly the same share as for the U.S. (Department store and GAF business trade reflect both durable and nondurable items, and these categories are included in the two subtotals.)

During periods of economic recovery, durable goods sales typically rebound sharply, since they commonly represent discretionary purchases. The past year was no exception. Durable goods sales rose 17.1 percent, while nondurable goods were up a modest 7.3 percent. Department and GAF stores sell the same types of merchandise and had a combined sales increase which equalled the California total. The increases by store type were also fairly equal. Department store sales grew 8.7 percent, while GAF stores moved up 7.8 percent.

The improvement in sales reflected a number of factors. Primary among these was the rise in consumer confidence, stimulated by the better employment situation and declining unemployment rate. Lower interest rates—particularly for big-ticket-items—and the low ratio of consumer credit to personal income encouraged major purchases. The quite moderate rate of inflation during the year was a further influence. Finally, the fact that sales were depressed for the prior two or three years had led to a backlog of demand for many items.

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* GAF: General merchandise, apparel, furniture and furnishings, and miscellaneous. Represents establishments which specialize in department store types of merchandise.

TABLE V-1
CALIFORNIA RETAIL SALES, 1982 AND 1983

	1982	*1983*		
			Change from 1982	
	Billion	*Billion*	*Billion*	*Percent*
California	$128.9	$142.3	$13.3	10.4
By Type of Business:				
Durable goods stores	40.3	47.2	6.9	17.1
Nondurable goods stores	88.6	95.0	6.5	7.3
Department stores	13.8	15.0	1.2	8.7
GAF*	32.7	35.2	2.6	7.8
By SMSA:				
Anaheim-Santa Ana-Garden Grove	12.7	14.8	2.1	16.5
Los Angeles-Long Beach	38.8	42.0	3.3	8.4
San Diego	9.9	10.4	0.6	5.7
San Francisco-Oakland	20.8	23.0	2.3	10.9
Rest of State	46.8	52.0	5.2	11.0

* GAF represents stores which specialize in department store types of merchandise.

Note: All data are independently rounded. Percent changes are based upon unrounded data.

Source: U.S. Department of Commerce, Bureau of the Census.

The credit situation deserves special mention. The boom years from 1977 to 1979 led to a sharp rise in the ratio of credit to income. This indicator peaked at more than 15 percent by the end of 1979. Credit controls imposed during the first half of 1980 and three years of recession brought the ratio down to 12.8 percent by early 1983. When revolving credit is excluded, the improvement was even more dramatic. In effect, the consumer was well positioned to take on new debt.

The sales upturn for cars, housing and other major expenditure items reflects these various developments.

Taxable Retail Sales

More detailed information on trade in California is available from the State Board of Equalization. The Board publishes quarterly data on the number of trade outlets and taxable sales by major category for the State, counties and cities.

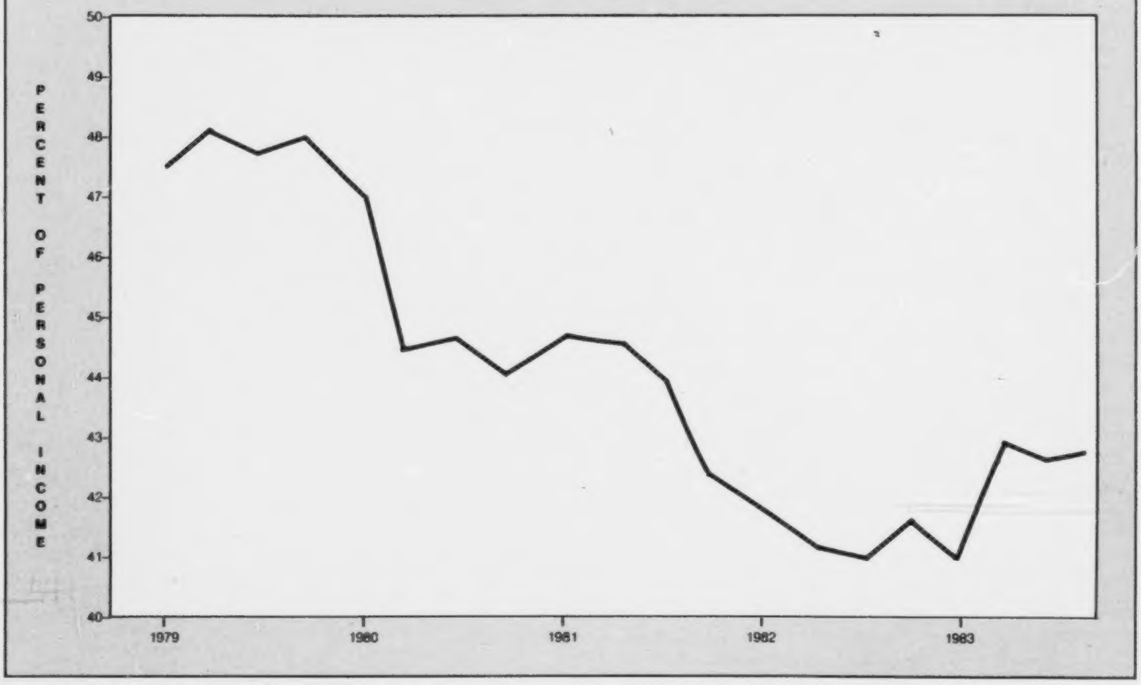
The Equalization sales data differ from the Commerce data in two major respects. First, state-generated data are collected only on sales subject to the sales and use tax. Food consumed at home, and gas, electricity and water represent the largest sales categories excluded. Second, the Commerce Department samples only retail trade businesses while the Board of Equalization covers all taxable transactions whether by retail, service or nonretail sales outlets. Taxable sales of retail stores represent about 65 percent of all transactions subject to the sales or use tax.

During the first quarter of 1983, total taxable sales rose a mere 1.8 percent from the same quarter in 1982. Taxable sales accelerated, however, beginning in the second quarter, posting a gain of 8.4 percent. The third quarter climbed 13.1 percent, on a year-over-year basis, and the fourth was up an estimated 14 percent. The total of $169 billion for the year was more than 9 percent higher than 1982. Expressed in constant-dollar terms, the annual increase was over 7 percent, the largest yearly real gain since 1977 when the growth rate was almost 11 percent.

Durable Goods

Sales of durables outpaced the growth of nondurables by a wide margin during 1983.

FIGURE V-1
RETAIL SALES AS A SHARE OF CALIFORNIA PERSONAL INCOME



Nondurables increased about 6 percent, while durables advanced approximately 17 percent, with new motor vehicles and building materials leading the rise.

New car dealers recorded taxable sales of $16 billion, an increase of 25 percent over 1982. The 1,280,000 new autos and trucks registered in California during 1983 were 20.7 percent higher than for the previous year. Although the total number of units for the year did not reach the record of 1,473,900 set in 1978, the brisk sales pace of the final six months of 1983 was at an annual rate that approached the 1978 record. An even higher sales pace might have been achieved had not shortages developed in imports from Japan, which are limited to a national quota of 1,680,000 vehicles annually. New cars were not the only bright spot in the transportation area, however. Sales of all motor vehicles, including boats, trailers, and airplanes posted similar gains.

Taxable sales by building materials stores and construction contractors grew an estimated 18.6 percent last year, after falling 10.6 percent in 1982. Over half of the increase in sales came from building materials stores, with lumber yards and hardware stores leading the way. Each category of business in this group—lumber and building material dealers, hardward stores, plumbing and electrical supply stores and paint, glass, and wallpaper stores—contributed to the strong expansion. The improvement in the building group is closely related to the resurgence in residential construction. As discussed in greater detail in the next chapter, the total value of residential building permits grew over 90 percent last year, creating substantially higher demand for building materials.

Other types of business closely associated with the construction industry also registered strong gains. Household and home furnishing stores posted a rise of nearly 20 percent during the summer quarter. Radio and household appliance stores registered uniform growth of 18 percent throughout the year.

The performance of service stations limited the taxable sales volume of nondurable retailers. Taxable transactions at service stations totalled $13.5 billion in 1983, 3 percent less than in 1982 and the second straight year of decline. Taxable distributions of gasoline reached 11,176,500,000 gallons, up 2.5 percent, and the first annual increase since 1978. The estimated average gasoline price dropped by 8.9 cents per gallon, a decrease of 7.3 percent. The petroleum market deteriorated for months before the oil ministers of the Oil Producing and Exporting Countries (OPEC) agreed in March 1983 to set production quotas for each member and reduce the official price per barrel from $34 to $29. The new price was approximately the prevailing price in the marketplace. The $29 price and the 17.5 million barrel daily quota were reaffirmed by OPEC's oil ministers in December.

Outlook

As the economy moves into the later stages of recovery, taxable sales should continue at a healthy pace. Sales in 1984 are forecast at $190.7 billion, an increase of 12.9 percent. Motor vehicle and building materials sales are expected to continue providing the most support, as backlogged demand continues to play an important role. By 1985, taxable sales are expected to settle into a pattern of moderate growth, as the economy enters a period of more normal growth.

VI. CONSTRUCTION

Economic recovery in California's construction industry began in early 1983, reflecting lower interest rates and improving confidence in the prospects for growth.

In 1982, new residential units authorized by permits were at the lowest level since 1954. Sales of existing homes had fallen 60 percent from the 1979 peak. Construction employment was at a seven year low. The value of nonresidential permits fell for the first time since 1975. These conditions all ended in 1983. The $21.4 billion in new building authorized by permits last year was 44.2 percent above the 1982 level and the first time since 1979 that building valuation increased. Authorizations of new residential units doubled, while the value of nonresidential permits increased by 13.9 percent. Construction industry employment, up 6.3 percent for the year, was on an uptrend since March and by December was 18 percent above the year-earlier level.

Residential Activity

The number of new residential units authorized by permits rose in 1983 for the first time in six years. The 168,400 unit level was twice that of the prior year, but still well below the more than 200,000 unit average of the 1960s and 1970s. With the addition of an estimated 15,000 manufactured housing units (mobilehomes) and factory built housing units, total housing production was approximately 183,400 units.

Approximately 99,300 single family homes and 69,100 multiple housing units were authorized last year. Although authorizations of both single and multiple units were double that of 1982, overall residential activity was still 38 percent below the 1977 peak. Multiple family units represented about 41 percent of total residential permits last year, roughly the same share held for the past six years.

The increased level of permit authorizations was

FIGURE VI-1
CALIFORNIA BUILDING VALUATIONS AUTHORIZED BY PERMIT: 1983
(MILLIONS OF DOLLARS, PERCENT OF TOTAL CONSTRUCTION)

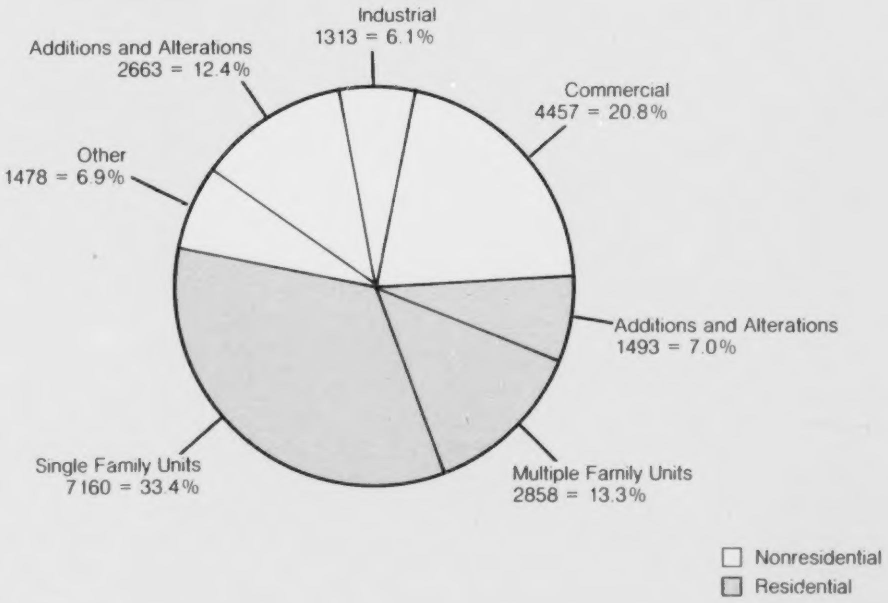


TABLE VI-1
NEW RESIDENTIAL CONSTRUCTION IN CALIFORNIA
1981 TO 1983

Number of Permits Authorized	*1981*	*1982*	*1983*
Total Units	104,873	84,018	168,358
Single dwelling units	59,973	49,700	99,299
Multiple dwelling units	44,900	34,318	69,059
Value of Permits Authorized (In millions)			
Total Units	$7,520.1	$6,154.3	$11,511.1
Single dwelling units	4,131.9	3,435.0	7,160.4
Multiple dwelling units	2,153.2	1,480.1	2,858.1
Alterations and additions	1,235.0	1,239.2	1,492.6

Source: Security Pacific National Bank

TABLE VI-2
NEW RESIDENTIAL CONSTRUCTION IN THE TEN HIGHEST VOLUME COUNTIES

County	*Total New Units in 1983*	*Percent Change from 1982*
Los Angeles	27,367	98.8
San Diego	20,756	169.9
Orange	12,890	144.6
Riverside	12,670	171.7
San Bernardino	11,934	94.7
Sacramento	8,394	110.8
Santa Clara	7,305	148.3
Contra Costa	6,556	135.2
Fresno	5,841	214.5
Kern	5,779	30.3

Source: Security Pacific National Bank

TABLE VI-3
MONTHLY SUBDIVISION APPLICATION FILINGS
1982 AND 1983

Month	*1982*	*1983*	*Percent Change from 1982*
January	441 *	156	−64.6
February	68	116	70.6
March	167	184	10.2
April	143	188	31.5
May	130	205	57.7
June	158	203	28.5
July	163	169	3.7
August	172	281	63.4
September	175	203	16.0
October	115	206	79.1
November	141	197	39.2
December	148	185	25.0
Total	2,021	2,293	13.5

* Subdivision filing fee increase became effective February 1, 1982, resulting in extraordinary filing activity immediately prior to that date.

Source: California Department of Real Estate.

not spread evenly among California's 58 counties. Some counties saw permit authorizations rise more than 150 percent, while others experienced actual declines. Table VI-2 shows the number of new residential units in 1983, and the percent change from 1982, for the 10 counties which accounted for two-thirds of all residential activity.

The number of applications for subdividing lots for new housing projects is another indicator of the strength of the residential construction industry. Subdivision application filings for 1983 increased substantially when compared to filings received in 1982. Although filings were still low compared to the years prior to 1982, the 1983 level represents a considerable strengthening in building activity. Table VI-3 shows the monthly filings for subdivisions in 1982 and 1983.

The pattern of existing single-family home sales was similar to the pattern of new permits. Sales increased for the first time in six years, with the 343,200 unit level representing a 38 percent increase over 1982. The sales improvement was reflected fairly evenly in all home size categories, although sales of three bedroom houses grew slightly faster than any other size house.

Even though sales of existing single-family homes have shown a substantial increase, sales in 1983 were well below the 1978 high of almost 605,000. As was the case with new authorizations, interest rates and other financial factors were major influences in the improved level of activity last year. A detailed discussion of financial conditions affecting construction is given in the Finance chapter.

Home Prices

Home price appreciation remained restrained throughout 1983, even as the market began to recover. This was due primarily to the excess unsold inventory of new and existing houses that built up during the recession. Although inventory declined fairly rapidly during the year, there were still enough unsold units to prevent the median price of existing single family houses from climbing more than 2 percent on the average for 1983 to $112,600.

Although nominal house appreciation was quite low, the effective rate of appreciation was somewhat higher. This was related to a reduction in "concessionary financing", or seller-originated loans at below-market rates without loan origination fees. When sellers originate loans at below-market rates, they are in essence making loans at market-interest rates, but for a lower-than-stated principal amount. The more that concessionary financing is used, the more the nominal price overstates the effective price. When the level of concessionary financing falls, such as occurred between 1982 and 1983, the effective rate of house appreciation is higher than the nominal amount. For 1983, it is estimated that the effective rate may be as much as 2 to 3 percentage points higher.

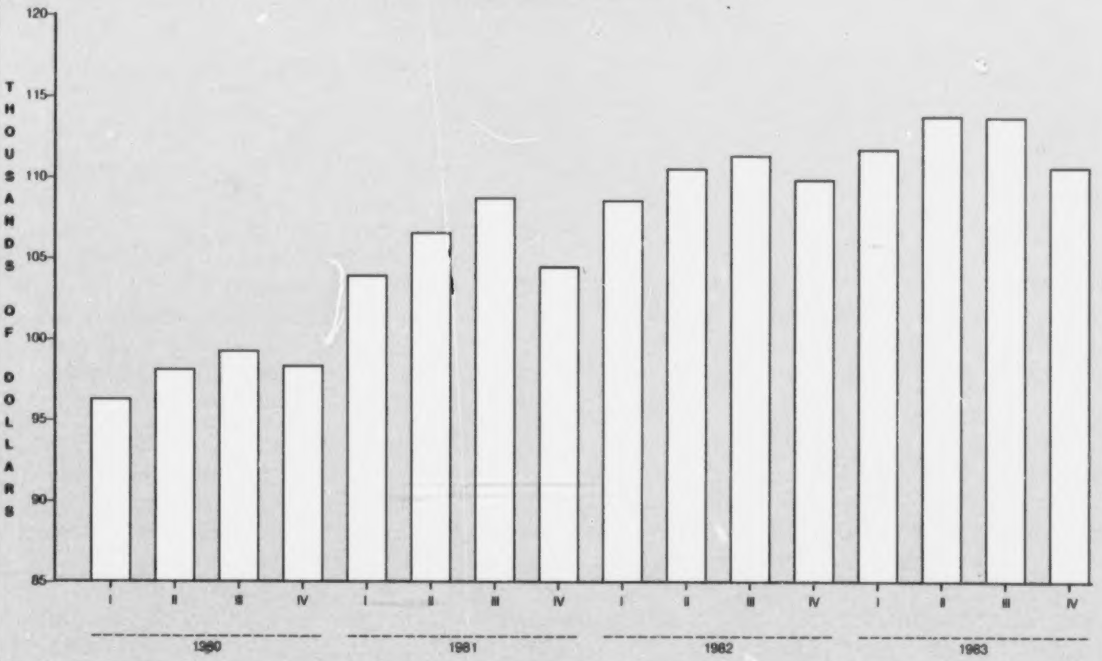
Housing costs in California are among the highest in the nation. While California is also one of the higher income states, the income advantage is not sufficiently above the national average to offset relatively higher housing costs.

TABLE VI-4
HOUSING COSTS RELATIVE TO INCOME, 1979

	U.S.	*California*	*California as % of U.S.*
Median home value	$47,200	$84,000	179.0
Median contract rent	198	253	127.8
Median household income	17,709	18,248	103.0

California's economy has traditionally been very strong, particularly in the San Francisco Bay, Santa Clara Valley, and Los Angeles-Orange County areas. There is continuing concern that

FIGURE VI-2
CALIFORNIA MEDIAN SALES PRICE
EXISTING SINGLE FAMILY HOMES



future growth in these areas may be threatened by the inability of employers to assure that their employees can find adequate, affordable housing within a reasonable commuting distance. In the worst case, employers would not be able to recruit and retain employees at all wage levels. Under such a scenario, businesses might have to curtail expansion plans or consider alternative areas.

TABLE VI-5
REGIONAL PRICE TRENDS DECEMBER 1982 AND 1983

Region	*Median Existing Home Sales Price* December 1982	December 1983	Percent Change
California	$107,266	$110,455	3.0
Los Angeles Area	110,679	111,170	0.4
San Francisco Bay Area	120,924	129,776	7.3
San Diego	102,777	97,499	−5.1
Orange County	134,393	133,695	−0.5
Central Valley	72,260	72,499	0.3
Monterey	121,111	110,454	−8.8
Northern Wine Country	88,822	95,440	7.4
Northern California	56,561	59,641	5.4
Riverside/San Bernardino	79,214	82,499	4.1
Ventura Area	139,721	133,541	−4.4
Santa Barbara	139,999	137,036	−2.1

Source: California Association of Realtors

TABLE VI-6
DISTRIBUTION OF EXISTING HOME SALES DECEMBER 1983

Price Bracket	*Percent of Total*
Below $50,000	3.7
$50,000–$59,999	3.5
$60,000–$69,999	5.6
$70,000–$79,999	8.3
$80,000–$89,999	10.3
$90,000–$99,999	9.6
$100,000–$119,999	17.0
$120,000–$139,999	12.3
$140,000–$159,999	8.3
$160,000–$179,999	6.0
$180,000–$199,999	3.8
$200,000–$249,999	5.2
$250,000 and over	6.3
Total	100.0

Source: California Association of Realtors

1984 Housing Program

The Administration has recognized—and moved to resolve—the critical issue of housing in the State. The Governor's 1984 Housing Package includes a broad range of proposals to promote the construction of lower cost housing, and to increase the supply of mortgage capital. Without specific action in these areas, housing could well become an even more severe constraint to future growth, especially in the highly developed metropolitan areas of California.

In brief, the proposals are designed to address five primary problems:

- the shortfall in the state's housing supply,
- rapid escalation in housing costs,
- lack of partnership between government at all levels and financial institutions,
- special housing needs for particular segments of the population and
- concerns of business seeking to locate in California.

Rental Housing. Frequently, rental housing units are more densely developed and smaller than single family housing, being designed for smaller households. For these as well as other reasons, rental housing typically costs less per month than ownership housing.

One reason for decline in total housing production in recent years was the low production of rental housing. Single family units, almost all of which are produced for sale, accounted for 60 percent of residential building permits in 1983. Multifamily construction, which includes both rented and owned housing, has comprised the balance. In the last six years, approximately 20 percent to 30 percent of multifamily housing units have been condominiums and townhouses intended for sale.

Rental production in 1983 is estimated at less than 30 percent of all new units. Such production has not always been low. For several years during the 1960s and early 1970s, multifamily construction—almost all of which was rentals—accounted for a majority of building permit activity. Since 1974, however, multifamily units have never constituted more than 43 percent of building permits.

Among the problems contributing to lack of investor interest in new rental housing development are the cost of financing and high land and development costs in urban areas. Local resistance to multifamily development has also been a problem for developers in some areas, along with the lengthy process of obtaining all necessary local approvals for a new housing development.

Another important factor affecting rental unit construction in the past several years has been concern over local rent control laws. The existence of such laws in some communities and the fear of the adoption of rent control laws in additional communities has made rental housing an unattractive investment alternative in the minds of some investors.

Manufactured Housing. Mobilehomes (now called manufactured housing), and the physical and political environment in which they exist, have changed dramatically over the last decade. They are now often virtually indistinguishable from conventionally built housing. Changes in the popularity of manufactured housing are not due solely to physical appearance. More important is the lower cost of such housing. The State now treats mobilehomes as housing, not vehicles, and encourages their use as a means of reducing construction costs.

While manufactured housing rebounded last year from a slump, production remains less than half of the peak years of the early 1970s. Consequently, more needs to be done to facilitate production. An increase in mobilehome parks would be a major incentive to growth in the industry.

Second Units. The development of second units is another lower cost housing alternative which is needed. This type of housing is primarily of two types: (1) A new detached unit as a second unit on a single family lot, or (2) the alteration or expansion of an existing house to create a second unit. These new units are typically small, and this by itself makes them lower in cost than most other new housing. In addition, there are no land purchase or infrastructure costs.

Callie Mae. The Administration has proposed the issuance of taxable mortgage-backed securities to increase the supply of funds available for housing in California. Public pension funds are currently required by law to invest 25 percent of their net new funds in mortgage loans for owner-occupied and rental housing. This ratio has been difficult to achieve, however, due to the lack of expertise by the funds in the area of individual mortgage investments.

Expansion of the Callie Mae program would facilitate the sale of mortgage loan packages put together by financial institutions to pension funds. The increased cooperation between primary lenders and the funds would stimulate investment in lower-priced housing, in particular, and work toward an easing of the current shortage of affordable units.

Depreciation Changes. Finally, the Housing Package also includes a proposal to accelerate depreciation of rental properties as currently allowed under federal law.

Infrastructure and Housing

Portions of California's public facilities—including roads, sewers, and wastewater treatment plants—are approaching the end of their useful life. To assure continued housing construction and general economic development, new ways must be found to finance infrastructure development.

Local governments are unable to absorb the cost of all new development, and there is limited state and federal assistance available. Proposition 13 made it more difficult to levy new taxes, forcing the costs of all new development to be passed on to property owners. For example, the local government fees on a $68,400 housing unit have risen from about $1,100 to $3,500. Cutbacks in such areas as school construction, coupled with federal cutbacks in programs to fund such facilities as sewage treatment plants, have aggravated the situation.

Because of the importance of infrastructure on housing costs and production, the Governor formed an Infrastructure Task Force. The Task Force is considering ways to finance infrastructure development. Any solution to these problems will be a stimulus to housing production.

The Housing Outlook

Based upon household projections prepared by the Department of Finance, the Department of Housing and Community Development (HCD) has prepared a construction need estimate of about 300,000 housing units annually between July 1, 1983 and July 1, 1990. This estimate includes vacancy rate allowances (2% for sale, 6% for rent, 3% other vacant) and a removal rate estimate (0.5% per year). The estimated current shortage of units is spread evenly over the period from 1983 to 1990.

Anticipated New Production. The Department of Finance forecasts that 170,000 residential units will be authorized in 1984, a 5 percent increase over 1983. HCD predicts that manufactured and factory built housing production will rise by 5 percent to add another 15,000 to 16,000 housing units for the year. Total expected production, consequently, will be approximately 185,000 units this year. This would be the highest year since 1979 and the second consecutive increase since the low in 1982. Even so, production will remain considerably below the annual construction need, estimated at 300,000 units.

Existing Sales. It is estimated that existing home sales will increase in 1984 to 385,000, a rise of 13 percent from 1983. While this increase is significant, resale volume will remain substantially below the level of the 1970s, when resales exceeded 500,000 units per year.

The gap between current interest rates and the existing interest rate on a home purchased some years ago acts as a deterrent to the trade-up purchase of a new home. Depending on the year the existing home was purchased, the present homeowner may be paying interest at 8 percent or less on the existing mortgage. In purchasing a new home, the buyer will have to pay a significantly higher interest rate and carry a much larger mortgage.

The property tax provisions of Proposition 13 have also been a factor in the mind of some homebuyers. Individuals who owned their homes at the time of the passage of Proposition 13 pay property taxes on less than the full market value of their home. The value can be increased by no more than 2 percent per year for purposes of property tax assessments. If these persons buy another home, they will pay property taxes at the current, full market value of that home.

Housing Prices. In 1984, home prices are expected to increase in line with inflation (about 5 to 6 percent) to reach $118,000. The problem of affordability of homeownership housing is expected to stay the same or improve, since interest rates are not expected to change significantly most of the year. However, prices remain high relative to the purchasing power of many potential buyers. Less than 10 percent of renters can afford to purchase the median priced home, even if they pay 35 percent of their income for housing.

Financial Considerations. In the past, the intent of Federal policy was to shield housing from capital market forces. This was accomplished by influencing the allocation of capital among sectors of the economy. Federal laws encouraged the establishment of specialized lending institutions, such as savings and loan associations, which were required to invest primarily in housing. Interest rate differentials encouraged household and other savers to invest in these institutions.

Current policy is designed to make the housing sector compete on an equal footing with other users of credit in the economy. Consequently, deregulation will most likely have the long-term effect of holding mortgage rates relatively higher than has been typical in the post-World War II period.

The Impact of Legislation. On January 1, 1984, Federal legislation terminated, with certain exceptions, the tax exempt status of new revenue bonds to finance the purchase of single family homes. These bonds were used in California for approximately 10,000 to 15,000 units in 1983 and considerably more than that in preceding years. Activity under this program will not cease immediately, because many 1983 bond issues will continue to be used in 1984. A revival of the program is being considered at the Federal level, and the Governor has gone on record as supporting the extension of these bonds. As matters stand currently, however, there will be a negative impact on new home construction.

First-time Homebuyers. Federal legislation enacted in 1983 terminated most new Section 8 and other federally subsidized construction programs for lower income housing. The Housing and Urban-Rural Recovery Act of 1983 emphasizes rehabilitation and subsidy of the existing housing stock over new construction. Due to projects in the "pipeline", the effect of the 1983 legislation will not be immediate. The long-term effect will be to largely remove one component of the new housing picture.

Nonresidential Investment

The 13.9 percent increase in nonresidential construction in California last year was fairly typical of the amount of gain in the first year of a recovery. Alterations and additions accounted for roughly half of the increase, more than the average one-third share. This larger share was due primarily to postponed or cancelled plans for new construction, and the opting for remodeling and additions to existing structures as a less expensive approach.

Table VI-7
NEW NONRESIDENTIAL CONSTRUCTION IN CALIFORNIA, 1982 AND 1983

	1982	*1983*	
	Millions	*Millions*	*Percent Change*
Total Nonresidential	$8,698.4	$9,910.8	13.9
Commercial	4,159.9	4,456.6	7.1
Office, bank, and professional	2,467.6	2,767.6	12.2
Stores and mercantile	670.4	711.5	6.1
Hotels, motels, and cabins	662.8	625.7	−5.6
Parking garages	217.7	229.1	5.2
Amusement and recreation	118.2	94.5	−20.0
Service stations and repair garages	23.2	28.1	21.1
Industrial	1,045.0	1,312.6	25.6
Other Nonresidential	1,398.1	1,478.1	5.7
Public works and utilities	192.1	179.3	−6.7
Hospitals and other institutions	111.3	192.2	72.7
Schools and educational	109.1	77.0	−29.4
Churches and other religious	93.7	90.3	−3.6
Residential garages	83.3	102.1	22.6
Miscellaneous	808.6	837.1	3.5
Additions and Alterations	2,095.3	2,663.5	27.1

Note: Parts may not add due to independent rounding. Percent changes based on unrounded preliminary data.
Source: Security Pacific National Bank

Commercial and Industrial

Among new construction projects, industrial construction was a major source of strength. Industrial activity posted a 25.6 percent increase over 1982. The pressure for such new construction came from lower interest rates, increased confidence about the economy, and a resurgence in capacity utilization. During the fourth quarter of 1982, the capacity utilization rate in manufacturing nationwide averaged 69.0 percent. The large increase in final demand pushed the rate in the fourth quarter of 1983 to 79 percent, nearly the post war average.

Growth was not as strong in the commercial sector, although most subcategories did well. Office, bank, and professional construction, which accounts for nearly two-thirds of the commercial sector, grew 12.2 percent in 1983. This improvement was somewhat unexpected, considering there is still a surplus of vacant and available office space in major metropolitan areas. The unexpectedness results from the uneven improvement among areas of California. While Los Angeles, San Diego and San Jose experienced vacancy rate declines, San Francisco and Sacramento were up slightly.

The value of new lodging construction fell 5.6 percent last year. This decline was not a sign of weakness, however. The 1982 level of $662.8 million was nearly five times the annual average during the 1970's, and a result of lodging projects started in the Los Angeles area in anticipation of the 1984 Summer Olympics. It is expected that the level of new lodging valuation will continue to decline this year, leveling out at $120 million in 1985.

TABLE VI-8
AVAILABLE AND VACANT SPACE AS A PERCENT OF TOTAL OFFICE SPACE

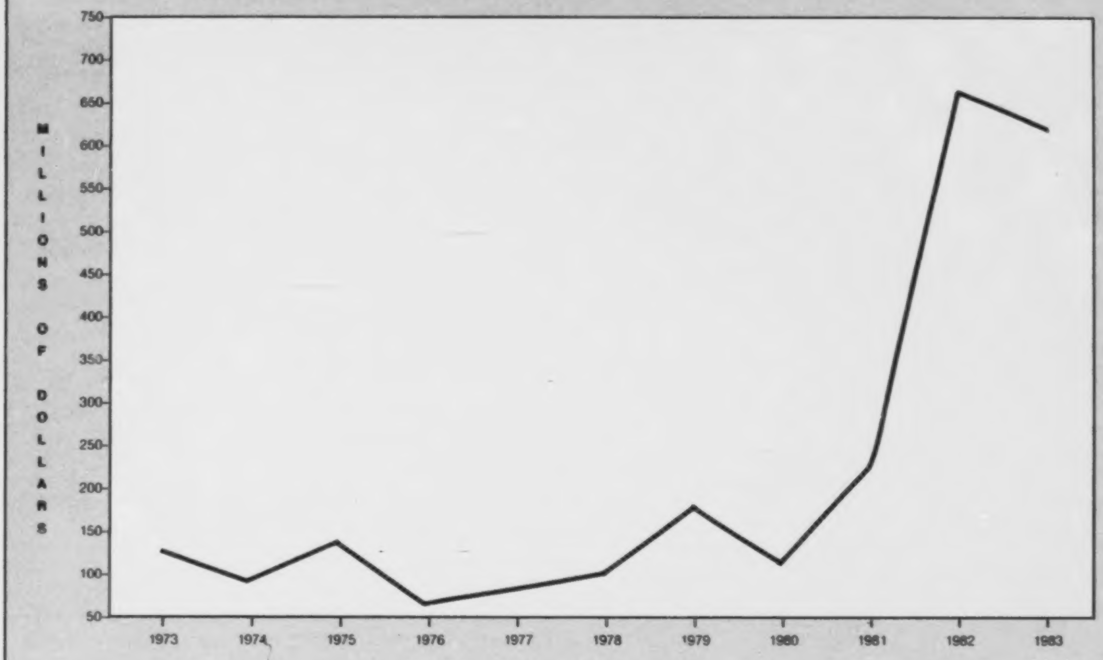
	Fourth Quarter Rate			
	1980	*1981*	*1982*	*1983*
United States Average	4.1	4.8	10.3	12.4
Los Angeles	0.2	0.8	9.5	10.8
Sacramento	1.1	9.1	18.3	19.3
San Diego	3.7	3.7	27.3	21.3
San Francisco	0.1	0.4	5.7	5.9
San Jose *	—	—	11.8	9.8

* Series begins second quarter 1982.

Highway Construction

On January 1, 1983, the State excise tax on gasoline and diesel fuels was increased from 2 cents to 9 cents per gallon. On April 1, 1983 the Federal excise tax rose from 5 cents to 9 cents per gallon. These taxes are providing for an increased highway construction and rehabilitation program. During the 1982–83 fiscal year, construction program expenditures in California

FIGURE VI-3
CALIFORNIA LODGING VALUATION AUTHORIZED BY PERMIT
1973 TO 1983



were $366 million. In 1983–84, expenditures are expected to amount to $523 million, rising to $987 million in 1984–85. The increase will provide additional employment in the heavy construction sector. This sector lagged behind the growth in general building contractors and special trade contractors last year.

The following table shows the amount of capital outlay for highway construction and rehabilitation over the 1979 to 1984 period.

TABLE VI-9
CAPITAL OUTLAY FOR HIGHWAY CONSTRUCTION AND REHABILITATION

	Number of Jobs Awarded	*Total Value of Awards (million $)*	*Average Number of Bidders*	*Highway Construction Cost Index (percent change)*
1979	590	$360	4	28
1980	700	460	6	5
1981	750	260	6	14
1982	740	390	7	−12
1983	880	410	6	3
1984 (est)	950	600	5	7

The average breakdown of construction costs last year was as follows:

- 20 percent: labor
- 20 percent: equipment
- 20 percent: concrete products
- 15 percent: asphalt products
- 25 percent: other materials and supplies.

VII. FINANCE

Institutional and economic changes in the financial sector led to a turnaround for California banks and savings and loan associations (S&Ls) in 1983. The rapid drop of interest rates in 1982 and the stabilization of rates in 1983 stimulated renewed demand for loans. Deposit account deregulation, and the resultant ability of banks and S&Ls to pay market interest rates on deposits, led to record levels of net new savings. These events generated renewed growth in both the supply and the demand for funds of California financial institutions.

Deregulation and the Supply of Funds

Savings and loan associations experienced a record $29.3 billion net inflow of funds in 1983. This was over twenty times the prior year's amount of $1.4 billion, and was primarily a result of the continued deregulation of deposit accounts. The most significant of the deregulatory actions was the December 14, 1982, introduction of money market deposit accounts (MMDA).

The MMDA was a result of the Federal Garn–St. Germain Depository Institutions Act of 1982. This act required, in part, that the Depository Institutions Deregulation Committee (DIDC) introduce a new deposit instrument for financial institutions that would be directly competitive with money market mutual funds (MMMF). The DIDC responded by creating the MMDA.

From the very start, banks and S&Ls aggressively marketed the MMDAs. Key-selling points were guaranteed rates for up to 31 days, unlimited withdrawals without penalty as long as a $2,500 minimum balance was maintained, and federal insurance up to $100,000 on individual accounts.

Far and away the greatest selling point was the interest rate being offered. At first, many financial institutions were paying above-market interest rates and bonuses to new customers. One nationwide sample of eight large thrifts and banks showed they were paying an average of 11 percent on MMDAs, while the average yield for MMMFs was about 8.75 percent. Many west coast S&Ls were paying rates significantly above market rates, and 25 to 50 basis points above commercial banks (100 basis points equal one percentage point).

According to the Federal Home Loan Bank, the overwhelming popularity of the MMDA was clearly responsible for the turnaround in savings flows. However, deregulation of other accounts, and the expansion of IRA and Keogh plans to all individuals, also helped improve savings inflows. For example, a survey of 31 California banks, representing 89 percent of all bank assets, showed that IRA and Keogh deposits grew from $17.1 million in December 1981 to $2.7 billion by January 1984.

While the continued deregulation of banks and S&Ls stimulated savings, it also pushed the relative cost of funds higher. Prior to the removal of the interest rate ceiling on 3½ year certificates of deposit (CDs) in May 1982, the difference between the average mortgage contract interest rate and the median cost of funds averaged about 385 basis points. Since then, continued deregulation and the resultant increase in competition for funds has caused the spread to shrink. By December 1983, the difference between the average mortgage rate and cost of funds had fallen to just above 200 basis points. Although the spread is not likely to decline much further, savings and loan associations are being forced to operate on a smaller profit margin.

TABLE VII-1
SIGNIFICANT DATES IN BANK AND SAVINGS AND LOAN DEREGULATION

May 1973	Interest rate ceiling removed on jumbo certificates of deposit (CDs), minimum denomination of $100,000
June 1978	Introduction of the six-month money market certificate
January 1980	Introduction of the small saver certificate
December 1981	IRA and Keogh accounts expanded to all individuals
May 1982	Interest rate ceiling removed on 3½ year CDs
December 1982	Introduction of money market deposit accounts
January 1982	Introduction of Super NOW accounts
April 1983	Interest rate ceiling removed on CDs with terms of 30 months or greater
October 1983	Interest rate ceiling removed on CDs with terms beyond 31 days

Source: Federal Home Loan Bank

Interest Rates and the Demand for Funds

One by-product of the Federal Reserve Board's (FED) policy of controlling inflation by limiting the growth of the money supply was high and volatile interest rates over the 1979 to 1982 period. In such an environment, the demand for lendable funds dried up.

By August 1982 the interest rate picture began to change. The combined effects of the recession, low demand for loans, and a substantial reduction in inflation caused interest rates to drop sharply. By January 1983, the interest rate on new six-month Treasury bills was 5 percentage points below the year-earlier level.

As the economy moved into the recovery phase, increased credit requirements, and particularly the renewed demand for mortgage funds, put upward pressure on interest rates. Fortunately, continued deposit inflows and substantially improved liquidity positions for many industries precluded a sharp run-up of rates. The net result was that 1983 had the most stable interest rates since 1976.

Changes in interest rates have profound effects on virtually the entire economy, but the effects on the construction industry are possibly the most noticeable. For many people mortgage rates have become the key to affordability. A change in mortgage rates also appears to be reflected in permit activity about two months later as builders attempt to anticipate changes in housing demand and thereby avoid inventory imbalances.

The reduction of mortgage rates from the 15 to 17 percent levels of 1981 and 1982 to the sustained 13 to 14 percent rates of 1983 was the primary cause of the recovery in construction. The 13 percent interest rate appears to have become a psychological barrier, above which demand for houses drops dramatically.

Financing the purchase of a median-priced home—$112,600 last year—with a 20 percent down payment and a 30-year fixed rate loan at 13 percent would cost about $1,000 per month in principal and interest alone. For every one percent above the 13 percent rate, the monthly payment goes up about $70. Even though few California families could afford or were willing to pay for a

FIGURE VII-1
NET DEPOSIT INFLOWS INTO CALIFORNIA SAVINGS AND LOAN ASSOCIATIONS

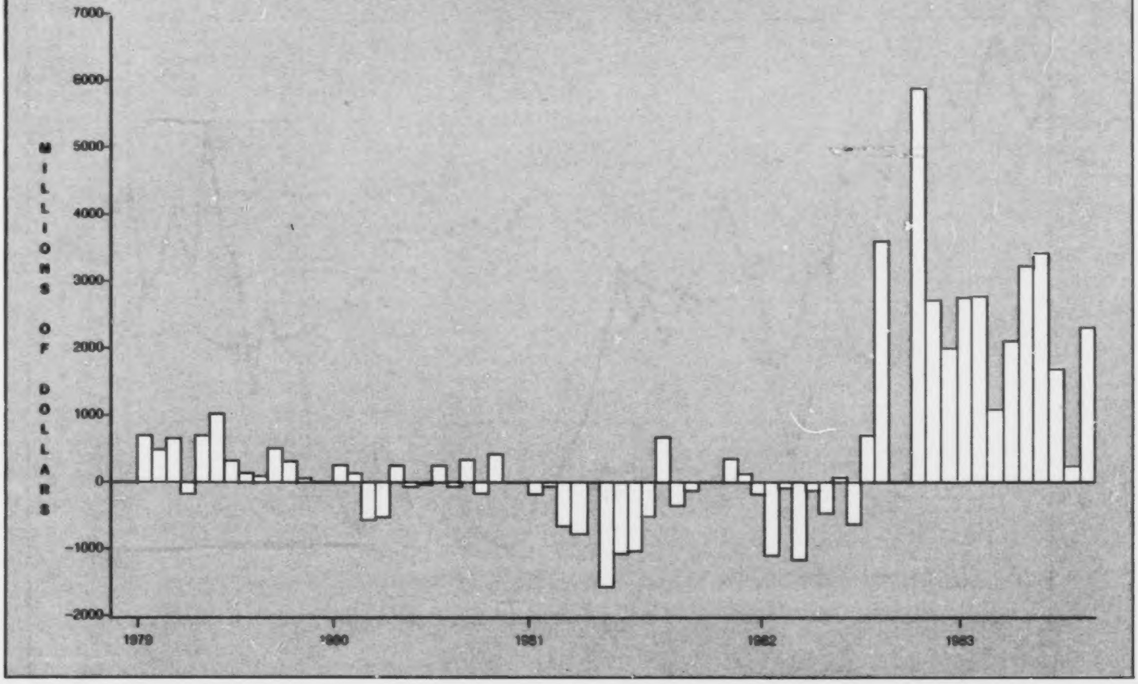


FIGURE VII-2
NEW ISSUES RATE ON 6 MONTH TREASURY BILLS

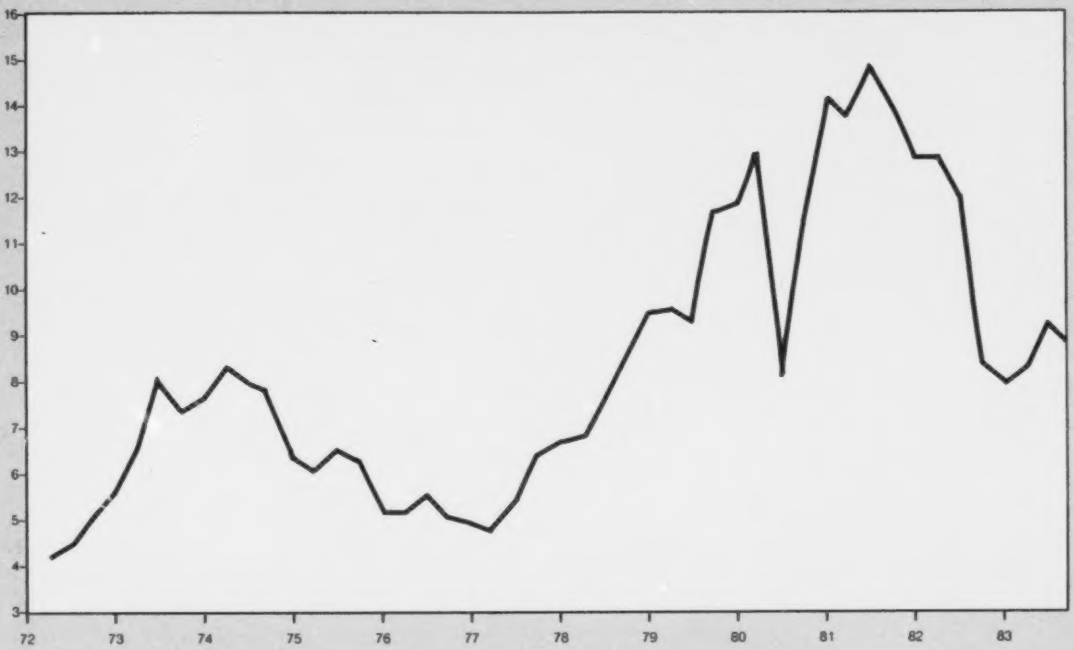
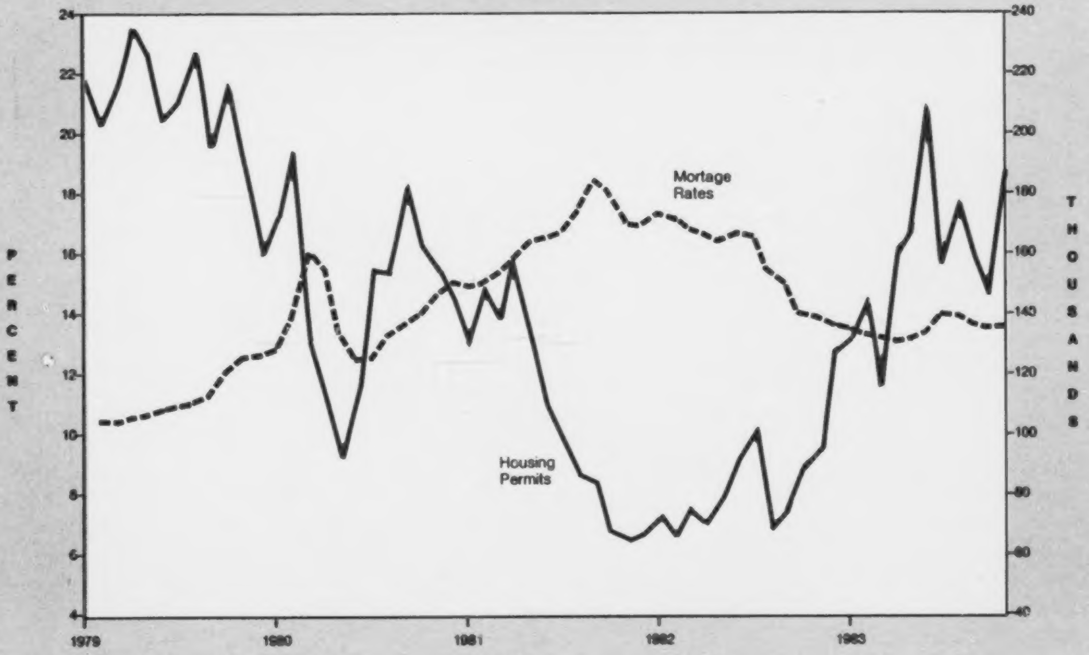


FIGURE VII-3
MORTGAGE RATES AND NEW HOUSING PERMIT AUTHORIZATIONS
1979 TO 1983



house at 13 percent, far fewer were in the market when 15 to 17 percent rates were in effect.

The declining importance of owner-originated loans was a major change in the home finance market in 1983. Last year also marked the return of institutional mortgages as the primary method of financing the purchase of an existing single-family home. Such financing, defined as a cash downpayment and a new institution-originated mortgage (including FHA/VA and Cal-Vet), accounted for less than 25 percent of all financing for most of 1982. As interest rates started to fall, the amount of cash-to-new-loan financing increased. As a result, institutional mortgage financing was used in over half of all sales of existing houses in 1983.

One of the reasons for the growth in institutional financing is the increasing acceptance of alternative mortgage instruments, including graduated equity, shared equity, and adjustable rate mortgages (ARMs). The most important of these are the ARMs, which accounted for over half of all loans made in December 1983. Interest rates on ARMs vary in accordance with changes in a predetermined interest rate, such as the six-month or three-year Treasury bill rate. Payments change at specified intervals and there may be a limit on the amount that the payment can change. The major incentive to the consumer is the lower initial rate on the loan. The effective rate for ARMs was at least 1 percentage point lower than conventional loans last December.

As institutional loan activity increased, the importance of loan assumptions decreased. During the past few years assumptions were the major form of financing in California, generally occurring in over half of all transactions. As interest rates started to fall in mid-1982, however, assumptions relative to all other forms of financing began to decline. By the second half of 1983, less than one-fourth of all existing house sales were financed with an assumption.

Interest rates were not the only cause of reduced assumptions. The Federal Garn–St. Germain Bill of 1982, responding in part to the Wellenkamp Decision, greatly curtailed the option of home buyers to assume mortgages. There is, however, a three-year grace period in which specific

FIGURE VII-4
FINANCING METHODS USED IN EXISTING HOME SALES

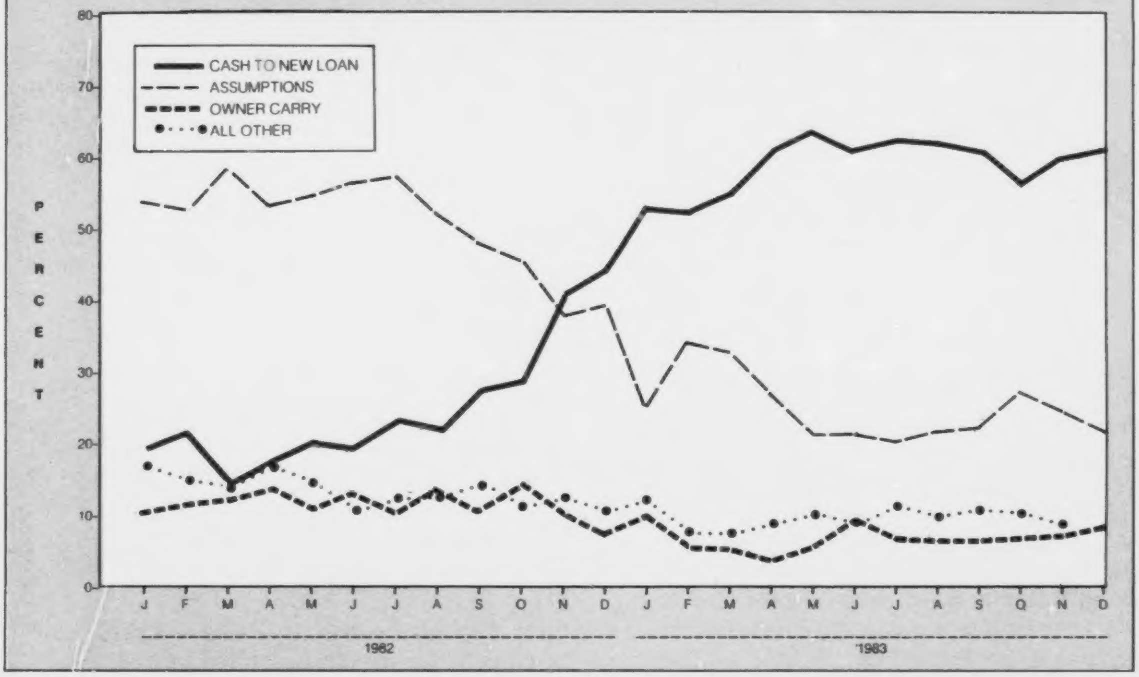
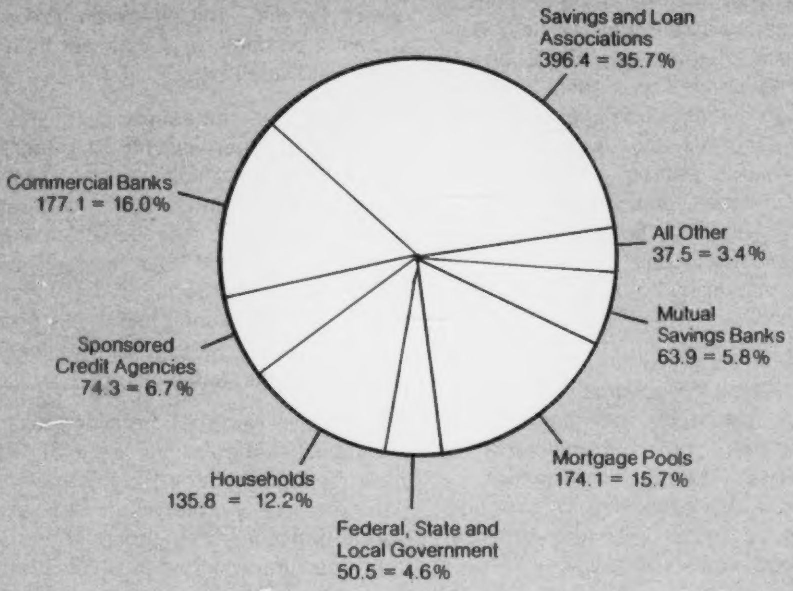


FIGURE VII-5
U.S. HOME MORTGAGES OUTSTANDING BY HOLDER: 1982
(BILLIONS OF DOLLARS, PERCENT OF TOTAL)



mortgages can still be assumed. Recent action by the Comptroller of the Currency shortened the grace period applied to assumptions of national bank loans. Nevertheless, assumptions will remain a feasible method of financing many mortgages through October 1985.

Table VII-5 shows which groups and institutions hold home mortgages outstanding on a national basis. Similar information is not available for California. As noted previously, savings and loan associations continue to be the major provider of home mortgage funds in this State.

Savings and Loan Associations

The California savings and loan industry is on a sharp upswing. In 1983, there were 173 new association applications and 242 branch applications accepted. There were no S&L failures last year, and about 20 mergers and/or acquisitions. The net income of California S&Ls totalled $709 million for the year ending October 1983, compared to a loss of $168 million for the year ending October 1981.

The strong recovery by S&Ls in 1983 was primarily due to a surge in new deposits. During the 1970s and early 1980s, S&Ls were at a disadvantage when competing for funds with other financial institutions. The types of deposit instruments which S&Ls could offer, and the rates that they could pay, were severely restricted when compared to what brokerage firms and other investment businesses could offer. The gradual elimination of deposit account regulations has removed many of the competitive disadvantages. Net deposit inflows have grown accordingly. The benefits of deregulation are expected to continue through 1984 and beyond.

Although the opening of new savings and loans has slowed, it is anticipated that 60 to 100 additional licenses will be issued in 1984. Depending upon the number of associations which actually open, additional savings deposits available for real estate and other loans should amount to at least $1.8 billion, and perhaps as much as $3.0 billion.

State regulatory responsibilities have grown more complex and numerous as the industry expands and exercises its authority to engage in a wider variety of activities. As of December 31, 1983, the state regulated more than 33 percent of total S&L industry assets, versus 20 percent in 1982.

Banks

National and State chartered banks in California experienced minor improvement last year. As Table VII-2 shows, only moderate increases occurred in the number of institutions and their volume of assets and deposits.

Despite the improvement which occurred, four State-chartered banks and one national bank failed in California last year, the greatest number of failures for any year since 1933. California accounted for about 10 percent of all failures nationwide, which is generally proportional to the share of all banking which occurs in this State. According to the State Banking Department, the primary cause of failures in California, as in the rest of the county, was the weak economy which affected the ability of bank borrowers to repay their loans.

TABLE VII-2
CALIFORNIA BANKING TRENDS, 1982 AND 1983
(Dollars in billions)

	12/31/82	*12/31/83*
Number of state chartered banks	264	273
Number of national banks.............	97	134
Total Banks	361	407
	12/31/82	*12/31/83*
Assets of state chartered banks ..	$67.2	$70.7
Deposits of state chartered banks	$54.4	$57.5
	12/31/82	*6/30/83*
Assets of national banks................	$208.3	$210.6
Deposits of national banks	$164.3	$166.9

The short-term outlook for loans nationwide is clouded by the switch to contemporaneous reserve requirements by the Federal Reserve System. Prior to February 2, 1984, the amount of deposits that a savings institution was required to hold in reserve was based on the average volume of deposits held two weeks earlier. The bank then settled its reserve account with the FED each Wednesday.

Under the new method, banks settle their reserve account every other Wednesday. The reserves needed are based on the amount of checking deposits on the bank's books during the two weeks ending on the latest Monday. This gives banks only two days to adjust their reserve balances. (Reserves against other types of deposits will continue to be calculated with a longer time lag.)

Because of the difficulty in forecasting reserve requirements, a bank is likely to carry a relatively larger amount of excess reserves. The interest rate on federal funds (funds loaned from one bank to another) is also likely to become more erratic. The net effect on interest rates as a whole is unknown at this point.

Recent Legislation

The following recently passed State legislation has expanded the banking industry's impact on the State economy:

- Section 722 of the California Financial Code was amended effective January 1, 1983. This section now allows state-chartered banks to own stock in any corporation, subject to such regulations that the Superintendent of Banks may adopt. The Superintendent is in the process of adopting regulations that will generally allow a bank to take an equity position of up to 25 percent of its capital funds in commercial enterprises. California state-chartered banks have an aggregate $4 billion in capital funds.
- Section 751.3 of the California Financial Code became effective on January 1, 1984. This section permits state-chartered banks to own stock in corporations whose activities may include owning, renting, leasing, managing, operating for income, or selling real property. Each bank's investment in these corporations may not exceed 10 percent of the bank's total assets.
- The law change allows 10 percent of all state-chartered bank's aggregate assets ($68 billion), to be available for investment in the real estate market. However, due to a problem with the interface of the California Financial Code and the Federal Bank Holding Company Act, state-chartered banks with holding companies may not be able to exercise these new powers. There currently are 90 such banks holding aggregate assets of approximately $52 billion. Therefore, under current law, the maximum amount banks could commit to real estate activity would total $1.6 billion. Legislation was introduced in January of this year to change certain

provisions of the Financial Code to allow all state-chartered banks to engage in these activities.

California banks could be significantly impacted by current interstate banking proposals. The subject of interstate banking has been addressed in legislative proposals over the last several years. Currently the Legislature has a subcommittee studying the situation. Interstate banking legislation would permit out-of-state bank holding companies to purchase or form California banks.

Proponents would argue that interstate banking will bring increased competition for California deposits, resulting in higher yields to consumers. Opponents argue that current legislative proposals would merely attract the largest New York banks, further concentrating bank resources in a few massive institutions and causing California deposits to be diverted to eastern and international markets.

Thus, while deregulation, an improved economy, and the stabilization of interest rates has strengthened California financial institutions, that strength will be tested as those institutions face increased competition—both from within and outside the State.

VIII. RESOURCES

California's natural resource base is uniquely rich and diverse. Its farms, forests, and minerals along with its water and energy resources are important elements in the State's economy. The following sections discuss recent trends in each of these areas.

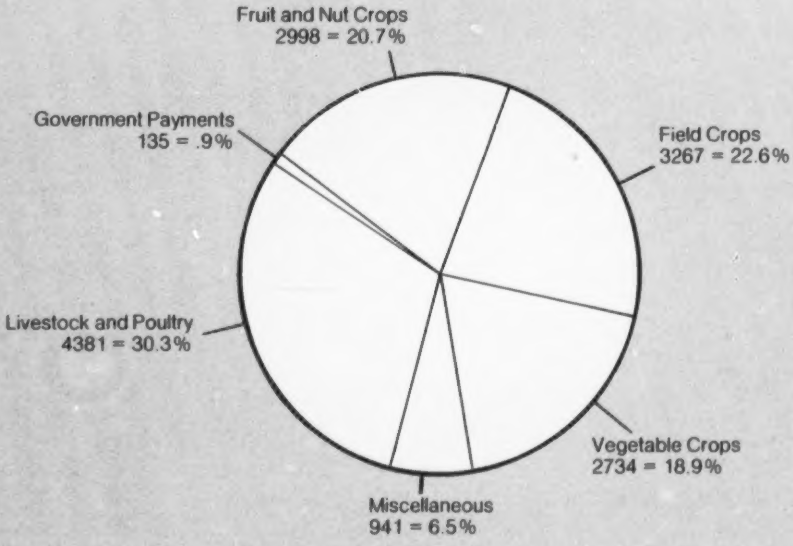
Agriculture

California remained the Nation's leading agricultural state in 1983, even though the value of production declined 4 percent from its 1982 level. The $13.7 billion received by the state's farmers and ranchers is about 10 percent of the total value of agricultural production in the United States. California provides more than half the national production of deciduous fruits and nut crops. For such specialty items as almonds, olives, raisins, and pistachios, California is the sole U.S. source.

The importance of agriculture in California is multiplied when the 46.6 million tons of food and fiber produced in 1983 are viewed as the base for many other sectors such as food processing, hauling, and merchandising. For each dollar of production in primary agricultural goods, it is estimated that three dollars are generated in additional economic activities. California agribusiness has built an impressive infrastructure of transport, processing, storage, supply, service, and financial institutions serving the needs of farms and ranches.

Data gathered by the California Crop and Livestock Reporting Service show that farm production in 1983 was the lowest since 1978. The smaller harvest resulted from the government Payment-In-Kind (PIK) program which idled over 1.5 million acres of California cropland, as well as adverse winter and spring weather that interrupted normal planting schedules and reduced many crop yields. Deciduous fruit and nut crops were particularly hard hit by wet weather which resulted in poor pollination in many orchards during the critical bloom period.

FIGURE VIII-1
CALIFORNIA CASH FARM RECEIPTS BY SOURCE, 1982
(MILLIONS OF DOLLARS, PERCENT OF TOTAL RECEIPTS)



The decline in production experienced in the field crop sector was particularly apparent in PIK program commodities, such as cotton, rice, wheat, corn for grain, and grain sorghum. Additionally, a series of winter storms caused extensive flooding of cropland and orchards causing tree losses from oxygen depletion. The total loss from storm damage is estimated at $275 million to $300 million.

While fruits suffered from the weather, vegetable crops set a new record for annual production at $2.9 billion. Lettuce is the State's most valuable vegetable crop, followed by tomatoes, strawberries, broccoli, celery, carrots, cantaloupes, cauliflower, mushrooms, onions, and asparagus. There was a record harvest in Navel oranges and the largest Valencia crop since the 1946–47 season. Records were also set in the livestock sector. Milk production reached a new high of 14.8 billion pounds and more broilers were raised in California than ever before.

California's diversity in agricultural production is illustrated by Tables VIII-1 and VIII-2. Each group of products has a large share of the total and no one crop in the list of leading products has a dominant role. Only the number one product—milk and dairy products—has more than 10 percent of the total value of production, and only five products have more than 5 percent of the total.

TABLE VIII-1
CALIFORNIA'S CASH FARM RECEIPTS BY SOURCE, 1982

	Millions	*Percent of Total*
Fruit and nut crops	$2,998	20.8
Field crops	3,267	22.6
Livestock and poultry	4,381	30.2
Vegetable crops	2,734	18.9
Miscellaneous*	1,075	7.4

* Primarily nursery and greenhouse products; includes $134.5 million in government payments.

A factor contributing to the decline in value of California's agricultural production is the fall-off in exports and the accompanying reduction in export income. The increasing strength of the U.S. dollar made the state's products more expensive overseas. Worldwide recession also contributed to this loss. Crops such as cotton and almonds, of which 60 to 80 percent were exported in past years, were particularly hard hit. The curtailment of rice sales to Korea due to contract disputes exacerbated the decline in total exports.

Nevertheless, the export market remains a major factor for California agriculture. About one-fourth of the total value of the state's agricultural income is from overseas sales. Three out of every 10 acres of cropland are producing for international trade. Exports are an important source of employment in

TABLE VIII-2
LEADING CALIFORNIA AGRICULTURAL PRODUCTS, 1981 and 1982

	Commodity Ranking		*Value[1] (In Thousands)*		*Percentage of State Total*	
	1981	*1982*	*1981*	*1982*	*1981*	*1982*
Milk & Cream	1	1	$1,944,599	$1,942,442	13.8	13.7
Cattle & Calves	2	2	1,275,645	1,481,400	9.1	10.5
Grapes, All	4	3	1,207,145	1,141,190	8.6	8.1
Cotton	3	4	1,210,660	1,059,328	8.6	7.5
Hay, All	5	5	596,676	685,212	4.2	4.8
Nursery	6	6	498,795	531,638	3.5	3.8
Lettuce	7	7	465,205	469,255	3.3	3.3
Tomatoes, Processing	12	8	303,508	421,138	2.2	3.0
Flowers & Foliage	9	9	429,975	412,274	3.1	2.9
Eggs, Chicken	10	10	397,826	362,854	2.8	2.6
Oranges	14	11	291,797	359,048	2.1	2.5
Almonds	11	12	314,160	320,850	2.2	2.3
Wheat, All	8	13	454,682	309,012	3.2	2.2
Strawberries	18	14	223,557	294,419	1.6	2.1
Rice	13	15	300,791	288,443	2.1	2.0
Chickens	15	16	267,038	265,460	1.9	1.9
Walnuts	17	17	288,150	262,080	2.0	1.9
Potatoes	19	18	217,402	186,546	1.5	1.3
Broccoli	23	19	157,279	177,084	1.1	1.3
Turkeys	20	20	182,067	157,560	1.3	1.1

[1] Based on value of quantity harvested for crops and on value of quantity marketed for livestock and poultry products.

a variety of sectors involved in the processing, handling, transportation, servicing, and financing of farm products.

The California Department of Food and Agriculture is providing statistical information to the export sector and has published an *Agricultural Export Directory* to aid foreign buyers in locating supplies of California products. Seminars on exporting agricultural products are being organized with the cooperation of the California State World Trade Commission, the California Farm Bureau, and the University of California Cooperative Extension Service.

Problems Affecting Agriculture

California's agricultural sector is particularly sensitive to changes in government programs, the weather and overseas sales. The next year will probably see a return to high production for those crops which were affected by the PIK program. The program has been eliminated or reduced to a point that it is no longer attractive for many California producers to participate. Producers will face increasing overseas competition, however. Foreign sellers made inroads into the U.S. market when supplies were reduced and prices raised by the PIK program.

Overseas sales of California's crops will be promoted through the combined efforts of the new California State World Trade Commission and the private sector, including the agricultural marketing cooperatives that have recognized the need to sell abroad. Special promotional efforts are being made for products such as wine and raisins to allow them to compete in European Markets against subsidized local products. Continuing efforts will be made to open more markets in Asia, and especially Japan, where California's products are well known and in high demand.

The need remains for California to develop and sell new products. To this end, both private and public efforts are being made to promote kiwi fruit, to expand production of jojoba, and to develop guayule into a viable substitute for natural rubber. There is a growing market for flower seeds, and California produces over half of the world's supply. Nursery products and flowers are expanding in both the domestic and world markets, and the State has a wide variety of products to offer and a well-developed growing industry to supply them.

It is expected that water supplies for California's irrigated agriculture will be abundant in all parts of the State, given the rainfall through January of this year. Nevertheless, further effort will be put into developing drip irrigation systems that both reduce the amount of water used and increase production due to better placement and less waste. Cotton and tomatoes are being added to the crops that will benefit from this new technology. Drip irrigation has already become widespread for strawberries, vineyard and orchard crops.

1984 Outlook

While California farm producers faced a difficult period during the last three years, the outlook for 1984 appears more promising. Carryover crop inventories are at manageable levels and most production costs are expected to increase at a slow rate. With the phase-out of the PIK program and favorable weather conditions, it is likely that production will show a substantial increase. Growers have releveled a large amount of idle land in preparation for the 1984 crop season.

Federal farm programs for feed grains, wheat, and cotton have recently been announced. These provide for substantial nonpaid acreage reductions, nonpaid diversions, elimination of the PIK program, and a $50,000 capped payment limitation. It is therefore unlikely that California growers will enter the remaining programs in great numbers. Larger acreage growers, for instance, would be impacted by the $50,000 payment limitation. As a result, most of the 1.5 million acres of California farmland idled by the PIK program will probably return to production in 1984, and will include increased plantings of cotton, dry beans, corn, wheat, rice and assorted vegetables.

The outlook for canned fruit looks better with a much lower carryover inventory of Clingstone peaches and pears and a continued good demand for processing tomatoes. Larger acreages for almonds, apples, avocados, grapes, kiwi fruit, nectarines, Freestone peaches, pistachios, and plums will also be in production during the current year.

The large reduction in the 1983 grape crop limited the crush to 2.2 million tons versus the record 3.1 million tons crushed in 1982. Wine shipments in recent months have increased, however, and reduced inventories have improved the outlook for the 1984 season. Continued high levels of wine imports, particularly from Italy, are still a major concern.

The potential for larger raisin crops in 1984 and future years is also a concern to the grape industry. More raisin grapes are coming into production and foreign market sales are substantially reduced by European Economic Community subsidy programs. Orderly marketing and balanced utilization between raisin, wine, and table grapes will be very important, particularly given the potential for larger crops in the next few years.

The demand for fresh fruits and vegetables continues strong, with newer varieties of table grapes, such as Flame Seedless and Ruby Seedless, expanding present markets and opening new markets. Almond growers expect a small carryover inventory entering the 1984 crop year which should improve grower returns. Export opportunities for almonds in Europe have been reduced by the strong dollar, although domestic sales have continued to improve. New almond products, such as almond butter, are being introduced to expand the market both in the U.S. and abroad.

Farm Income to Rise. The outlook for 1984 points to a sizeable increase in California gross cash receipts from agriculture. Net farm income is expected to increase significantly as production costs for fertilizer, pesticides, fuel, and labor rise at a slow rate and interest rates remain near current levels.

The cattle industry is a major concern. Higher feed costs and larger total red meat supplies are depressing the current market. Producers are worried that the expected 15-month paid diversion to dairy farmers will place more cull dairy cows on the market in 1984. Despite current problems, the last half of 1984 should register better returns for cattle producers.

Continued increases in per capita poultry consumption will assist California producers, especially in broiler production which has increased steadily in recent years.

The situation with respect to export markets is the major unknown for 1984. A resurgence in California agricultural exports is needed, particularly to the Pacific Basin nations, to maintain an expanding and profitable agricultural industry. Much depends on currency exchange rates. If the value of the dollar falls by even a small amount relative to the currencies of the state's trading partners, an upturn in agricultural exports is likely. There are already some signs of stronger demand from overseas markets, particularly for meat, almonds, and cotton. The large promotion program for California raisins recently announced by the Foreign Agricultural Service should be an important aid in selling to European markets.

In summary, 1984 looks more promising for California agriculture. The reduction in farm exports which occurred during the last two years must be reversed soon, however, to maintain a strong agricultural industry in this State.

Forestry

The past year brought a long awaited upturn in the forest products industry, following one of the worst years in several decades. Industry production in 1983 was close to 1981 levels, but still relatively weak compared to averages during 1970–79. The upturn was led by a dramatic 90 percent increase in new housing activity. More modest increases were registered in key indicators of the forest industry:

- Employment in lumber and wood products—up 12 percent
- Wholesale lumber prices—up 19 percent
- Number of timber harvest plans filed—up 11 percent
- Volume harvested—up 17 percent
- Stumpage prices—up 38 percent

Projections are for moderate growth for the forest products industry in 1984 as economic expansion continues. Housing starts are expected to be up at least 5 percent this year, helping to drive up the demand for lumber and plywood. Although these increases are welcome news, there are concerns for the longer term stability of the forest industry. Any significant rise in interest rates could lead to an economic downturn, sharply reducing the demand for forest products. An important noncyclical factor is the trend toward construction of smaller houses, reducing the amount of lumber needed in each house.

Home construction trends, combined with changes in California's timber supply, will act to keep the level of activity in the timber industry much lower than the levels experienced in the 1970s. Companies are adapting to changing markets and timber supply constraints in a number of ways. Many forest products companies are modernizing old mills and equipment to accommodate smaller, second growth, logs. Others are exploring more efficient utilization of logs and wood waste with the help of several California Department of Forestry (CDF) programs.

The number of timber harvest plans filed with the CDF increased in 1983 to 1,248, up to 11 percent from the 1,126 plans filed in 1982. This is closely related to the 1983 timber harvest, estimated to be 2.8 billion board feet, and up 17 percent from the 1982 harvest of 2.4 billion board feet. The 1983 harvest was still considerably below the 1970 to 1979 average of 4.6 billion board feet per year.

TABLE VIII-3
SELECTED FOREST INDUSTRY TRENDS

Acreage in Commercial Forest Land in California

Year	*Thousand Acres*	*Percent of 1952*
1952	17,127	100.0
1962	17,043	99.5
1970	16,828	98.3
1977	16,303	95.2
1980 (est.)	16,657*	97.3
1990 (projected)	16,493*	96.3
2000 (projected)	16,457*	96.1

*1975 estimate

California Timber Harvest
(In million board feet)

Year	*Public Lands*	*Private Lands*	*Total*
1955	1,087	4,928	6,015
1960	1,438	3,699	5,137
1965	2,056	3,215	5,271
1970	1,942	2,624	4,566
1975	1,622	2,712	4,334
1980	1,228	1,863	3,091
1981	950	1,722	2,672
1982	818	1,501	2,319
1983 (est.)	1,010	1,790	2,800

Number and Capacity of Sawmills in California

Year	*Number*	*8-Hour Shift Capacity (Thousand Board Feet)*
1968	216	16,069
1972	176	16,552
1976	142	16,174
1983 (est.)	108	n.a.

Number of Veneer and Plywood Plants in California

Year	*Number*
1968	26
1972	25
1976	21
1983 (est.)	14

Employment in the lumber and wood products sector increased to an average of 50,400 last year, compared to only 46,300 in 1982. Many sawmills which had shut down in 1982 reopened, and most mills were operating at 95 percent to 100 percent capacity. Employment in the paper and allied products sector actually decreased by 1 percent from the average of 37,300 in 1982. This sector has been faced with lower demand and overcapacity due to a high level of capital investment during the past 10 years. However, the paper products sector should pick up in 1984 as it is closely tied to improvements in the overall economy.

The upturn in forestry is also clear from the decline in joblessness in counties highly dependent on the forest industry, including Del Norte, Sierra, and Siskiyou counties. In October 1982, unemployment rates in these counties were 22.2 percent, 28.3 percent and 20.3 percent, respectively. One year later these rates were down to 13.4 percent, 10.2 percent, and 12.8 percent.

Minerals

California has one of the largest and most diverse mineral industries in the United States, and leads the Nation in the value of nonfuel mineral production. California is also a leader in the variety of its mineral commodities, and plays a vital role in supplying the Nation and the western world with certain commodities such as borates, rare-earth elements and diatomite.

The economic downturn in the mineral industry during 1982 was offset by a 13 percent increase in yield during 1983. Last year $1.8 billion worth of nonfuel minerals were extracted in California. Construction minerals, particularly portland cement and concrete aggregate, led the increase. Nonprecious metallic minerals, in contrast, showed a continuing decrease. The overall outlook for the mineral industry in California during the next two years appears to be quite good since construction activity is on an upward trend, and construction materials are the predominant component of California's nonfuel mineral industry.

The general nationwide decline in heavy manufacturing by large industrial firms, combined with a decline in the metal refining capacity of the Nation, make the outlook for metal production in this country unfavorable for at least the next few years. California's metal production, apart from gold and silver, has a particularly poor outlook since the recent closure of the steel plant at Fontana, and the decline of tungsten production which has followed the decline of the U.S. steel industry.

Imports of ferroalloys, such as ferrotungsten and ferrochrome, have been increasing. This trend has occurred partially because ferroalloys, rather than their constitutent raw materials, now make up a significant part of the commerce in metals. The nations that produce the basic mineral raw materials have adopted policies to invest in new plants which produce ferroalloys, and thus enhance the value of their internal economies and exports.

Gold and silver production are expected to increase in California when new mining operations, now in either the late planning or development stages, are brought on line.

Actions at both the State and national level are designed to stimulate and assist the mineral industry to ensure that a continuing supply of minerals will be available when needed. The U.S. Surface Mining and Reclamation Act of 1975 was designed to achieve two objectives particularly important to this State. First, it provides that lands be classified according to the presence of minerals. This allows land use planners and others to make decisions that will not unnecessarily infringe on recovering the extensive mineral wealth that remains in California. Second, the Act provides assistance to the mineral industry to mitigate environmental problems associated with mining in a way that does not jeopardize the viability of the industry.

The State assists the mining industry by providing geological and geophysical information used in the ongoing search for minerals. This assistance has now become even more challenging given the greater depths and lower grades of ores, and newly derived hypotheses concerning the occurrence of ores.

It is essential that this State maintain and encourage its mineral industry as that industry seeks and develops the increasingly elusive and costly ores that are vital to the State's and Nation's well-being.

Energy

The availability and cost of energy is integrally linked to California's economic health. In the last decade, dramatic increases in world oil prices, coupled with modest supply shortages, twice staggered western economies and contributed to a widespread international recession. Most recently, stable oil prices have strengthened California's economic upturn. Natural gas prices appear to have peaked in 1983, and are likely to be relatively stable over the next few years. Californians feel the impact of energy supply and demand through household utility bills, transportation costs, prices for goods and services, and fluctuating economic conditions. The following sections describe recent trends in California's energy supply and consumption, and the implications of these trends.

Currently, California depends on oil and natural gas for 90 percent of its primary energy needs. Of that total, oil supplies 58 percent and natural gas 32 percent. Nuclear, geothermal, hydroelectric, coal, and a variety of alternative energy resources supply the remaining 10 percent, almost entirely as electricity. Transportation accounts for 47 percent of all energy use. Commercial, industrial and agricultural businesses use 39 percent, and the household sector, 14 percent.

Electric power production consumes 24 percent of the state's primary fuels but supplies only 10 percent of California's energy needs; the difference is energy lost in generation and transmission.

Oil

California ranks fourth in the Nation among the oil-producing states, behind Texas, Alaska, and Louisiana. Currently, California produces about 13 percent of the Nation's domestic crude oil.

In 1983, oil production in California increased for the fifth year in a row and established an all-time record, surpassing the previous record set in 1982. Preliminary estimates place production in 1983 at about 406 million barrels, a 1.1 percent increase over the 401.4 million barrels produced in 1982. These production figures include Federal Outer Continental Shelf (OCS) production, which accounted for about 30.5 million barrels in 1983 and 28.4 million barrels in 1982. Production from State tidelands decreased from 39.8 million barrels in 1982 to about 37.8 million barrels in 1983.

Kern County continues to lead all other counties in oil production, accounting for about 59 percent of the State's total production (onshore and offshore) in 1983. Los Angeles County, in second place, accounted for about 15 percent. Incremental oil production—oil produced as a result of enhanced-recovery projects—totaled about 190.4 million barrels in 1982, or 47 percent of California's total oil production. Steam stimulation of heavy-oil reservoirs, especially in Kern County, was credited with about 134.9 million barrels, or 71 percent of all the incremental oil produced in 1982.

Waterflood operations accounted for about 54.2 million barrels, or 28 percent.

At the beginning of 1983, California's proved oil reserves—oil that can be recovered economically at current prices with existing technology—were estimated at 4.97 billion barrels, a slight decrease from the 5.1 billion barrels at the beginning of 1982. Federal offshore areas account for an additional 408.2 million barrels. About 46,900 oil wells were in operation at the beginning of 1983, compared with about 46,500 at the start of 1982.

The number of new oil and gas wells completed to production dropped to about 1,900 in 1983, compared with 2,247 in 1982. The number of new wells drilled declined from 3,015 in 1982 to about 2,800 last year. This drop-off in drilling stems to a large extent from the recent decline in crude oil prices.

Continued increases in onshore oil production are predicated on additional increases from enhanced-recovery projects, primarily steam-injection projects. Significant new oil discoveries will be restricted primarily to deep formations. Prospects for significant increases in onshore nonassociated gas production (gas not associated with oil production) are confined to the Sacramento Valley, and are not very encouraging.

Offshore, production in the Federal Outer Continental Shelf areas will continue to increase as development of existing fields continues and new fields are brought into production. Production in the State tidelands area, which lies within three nautical miles of the shoreline, will probably decline again in 1984. However, many promising areas for new oil and gas fields exist in both State and Federal offshore areas. New areas for tidelands exploration may be made available in 1984 through a State Lands Commission lease. These new leases, combined with a recent major discovery on an existing State lease, could reverse the trend of declining production.

The output of California refinery operations in 1983 increased by 3.4 percent to 652.8 million barrels, due to falling crude oil prices and an economic recovery. This reversed a trend which saw production decline 18.7 percent between the peak year of 1979 and 1982.

Refinery output of low sulfur fuel oil (LSFO) decreased by 10.7 percent in 1983 as the State's electric utilities switched from burning LSFO to natural gas. This continued a downward trend in LSFO production which began in 1977. Recent and projected increases in natural gas prices could cause electric utilities to switch back to LSFO as a fuel for electric generation, depending upon the extent to which oil prices increase in the future.

World crude oil prices averaged 15.3 percent lower in 1983 than in 1981, the peak year for crude oil prices. Weak demand worldwide and increased output from non-OPEC countries, principally Mexico and the North Sea producers, have significantly reduced demand for OPEC oil. This has caused instability in the oil markets and created at least a temporary oversupply of crude oil. Future price trends will depend on OPEC members' continued agreement on production quotas and price differentials. Prices for crude oil are projected to be relatively stable over the next few years.

Regular leaded gasoline prices fell 9.2 percent in 1983. Over the next year gasoline prices will be sensitive to changes in crude oil costs and demand.

Natural Gas

Natural gas production in California during 1983 increased 10 percent to about 426 billion cubic feet. At the beginning of 1983, 1,140 gas wells were in operation, compared with about 1,130 wells at the same time in 1982.

At the beginning of last year, California's proved gas reserves were estimated at 4.44 trillion cubic feet. This represents a slight decrease from the 1982 total of 4.6 trillion cubic feet. Federal offshore areas account for an additional 167.9 billion cubic feet.

California's consumption of natural gas for residential, commercial and industrial uses increased 5 percent per year between 1960 and 1970. It was then relatively constant up to 1975, and decreased about 4 percent per year between 1975 and 1982. Part of this decline was due to the 1980–81 recession, but much of it was caused by increased energy conservation and rapidly escalating natural gas prices which increased by 22 percent per year from 1975 to 1982. In 1983 they increased approximately 17 percent. For the next few years, rates should moderate. Costs to purchase California's gas supply declined in 1983 for the first time in many years, and should level out in 1984. Canadian border prices declined by 11 percent and southwest supply prices by 5 percent.

These savings are now beginning to be passed on to consumers.

TABLE VIII-4
ESTIMATED AVERAGE CALIFORNIA CONSUMER NATURAL GAS PRICES
(Cents per therm)

	1980	*1984*	*Percent Change*
Residential	53.7	53.6	−0.2
Commercial	58.8	59.4	1.0
Industrial	57.6	59.2	2.8
Electric Generation	52.2	53.2	1.9

Electricity

Over the past 20 years, per capita electrical energy consumption has been stabilizing despite increasing electrical equipment ownership. Rising prices and conservation programs have been major factors in this development.

Between 1960 and 1970 electricity sales in California grew at an average of 7.5 percent a year. This rapid growth in consumption slowed to 4.5 percent a year between 1970 and 1975, and to 2.3 percent a year between 1975 and 1980. The low growth in electricity use in the industrial sector between 1970 and 1975—evident from the following table—reflected the absolute drop in industrial consumption during the 1974–1975 recession.

TABLE VIII-5
CALIFORNIA AVERAGE ANNUAL GROWTH RATE IN ELECTRICITY SALES

Year	*Residential*	*Commercial*	*Industrial*	*Total*
1960–1970	9.1	6.5	7.6	7.5
1970–1975	4.3	7.3	1.8	4.5
1975–1982	3.0	1.6	1.2	2.3

Between 1973 and 1982, average electricity prices in California almost quadrupled, from under 2 cents per KWh to about 7.3 cents per KWh. In comparison, the general price level approximately doubled over the same period. During the same years, the electric utility bill for a household consuming 500 KWh per month grew from about $10 to over $36. In certain severe climate areas where natural gas was unavailable, monthly electrical heating costs were in the $150 to $185 range.

Under normal conditions, more than 50 percent of California's electricity is provided by oil and natural gas-fired generation. The dramatic increases in the prices of these fuels have been largely responsible for increasing electricity rates, as about 50 percent of a typical Californian's bill goes toward fuel and purchased power costs. Since the mid-1970s, the cost of oil has more than doubled while the cost of gas has quadrupled. Other operating costs have also increased substantially. The costs of materials, services and labor have risen significantly faster than the rate of inflation.

The year 1983 was different from the recent past, as the statewide average electricity price actually decreased relative to 1982, from 7.3 to 7.2 cents per KWh due to favorable hydroelectric conditions in California and the Pacific northwest, and to a decrease in oil and natural gas prices. Oil and natural gas-fired generation fell to approximately one-third of electricity requirements in contrast to the normal 50 percent or more.

In contrast to the price relief of 1983, statewide rates are expected to increase an average of 10 percent per year for the next three years due to moderate growth in oil and natural gas prices, a return to average hydroelectric conditions, and the beginning of commercial operation of the new nuclear projects. These increases are moderate when compared to the average annual increase of 16.3 percent over the 1973 to 1982 period.

Transportation Energy

Transportation accounts for 47 percent of the State's total energy consumption and virtually all of California transportation depends on petroleum products. As a result, the cost and availability of transportation energy vitally affects the State's economic health.

Oil price hikes in the 1970s led to greater demand for vehicles with better gas mileage. At the Federal level, Congress enacted the Corporate Average Fuel Economy standards which required that new cars have increasingly greater average fuel economy beginning in 1978. As a result of these standards and increasing fuel prices, the average new car in California today has fuel economy around 27 mpg (EPA city/highway), or nearly double the 14 mpg of cars of the early 1970s which are now being replaced.

Gasoline accounts for about 75 percent of transportation energy use in the State. Annual gasoline sales declined from 1978 through 1982, even though Vehicle Miles Traveled (VMT) increased between those years. The increase in VMT was more than offset by improved vehicle efficiency. This trend was reversed in 1983 with gasoline sales increasing 2.2 percent. California's economic upturn, coupled with a decline in fuel prices, caused an accelerated increase in VMT, which was not compensated for by continued fuel economy increases.

For the next few years it is expected that transportation fuel sales will remain fairly constant. Fuel prices are expected to be relatively stable, and the continued growth in travel should be approximately offset by continued improvements in vehicle efficiency. With stable fuel prices, efficiency improvements will enable the average driving costs per vehicle to decline.

Geothermal

California ranks first in the Nation and the world in electric power generation from geothermal resources. Statewide, there are 22 power plants on line that have a generating capacity of 1332 megawatts of electricity (MWe). Thirteen power plants, which are either in the planning or construction phase, will add 713 WWe of generating capacity by 1987.

Currently, California geothermal resources are producing 3.7 percent of the electricity sold by public utilities in the State. Most of this electricity is generated at The Geysers geothermal field in Lake and Sonoma counties. The generating capacity at The Geysers increased from 1127 MWe in 1982 to 1302 MWe in 1983. There are seven power plants in the permit or construction stage at The Geysers that will add a generating capacity of 574 MWe by 1987.

In the Imperial Valley, three 10 MWe pilot power plants are operating in three separate geothermal fields; Brawley, East Mesa, and the Salton Sea. At the Heber Geothermal field, two power plants are being constructed. Two power plants at the Salton Sea Geothermal field and one plant at the Mesquite geothermal field are in the permit phase. A 7 MWe geothermal power plant is being constructed at the Casa Diablo Geothermal field near Mammoth in Mono County.

Geothermal drilling in California decreased 37 percent during 1983, when approximately 72 wells were drilled. There were 115 new wells in 1982. Exploratory drilling decreased from 10 wells in 1982 to five wells in 1983. Observation-well drilling declined 56 percent, from 69 wells in 1982 to 30 wells in 1983. Last year, 26 development wells (excluding Federal wells) were drilled in The Geysers geothermal field, compared with 28 wells in the previous year.

Water

While available water supplies are generally sufficient to meet current water needs, they include significant ground water overdraft. Laws, administrative actions, environmental concerns, public opinion, cost considerations, and other trends over the past two decades have resulted in limited new surface water development, increasing the risk of water shortages during drought and even normal years. Areas under the State Water Project will face increased risk of severe deficiencies in drier years until adequate supplemental supplies are provided. Moreover, without a Delta transfer facility, substantial release from storage will be required for protection of the Delta.

While quality of surface waters throughout the State is generally satisfactory, contamination is threatening ground water in some areas and posing potential health problems. Agricultural problems from insufficient drainage, particularly in the San Joaquin Valley, will get progressively worse.

Growth in Demand

Population trends, economic growth, water conservation, and waste water reclamation will have a significant impact on projected increases in water use.

California's population is expected to increase from 23.8 million to 34.4 million persons between 1980 and 2010. This amounts to an average annual increase of 340,000, compared to 380,000 annually between 1970 and 1980. The South Coastal region will account for 50 percent of total statewide population growth over the next 30 years. This growth will create additional demand for freshwater recreation, fisheries, wildlife preservation and a natural environment.

An additional factor relates to agriculture. Irrigated land acreage is projected to increase from 9.5 million acres in 1980 to 10.2 million acres by 2010. This increase of about 700,000 acres represents a significant slowdown from long-term historical trends, yet is about the same as that which occurred in the preceding eight years.

Net water use statewide is projected to increase from 33.8 million acre-feet in 1980 to 37.3 million acre-feet by 2010. Urban use accounts for 1.8 million acre-feet of this increase, with an increase of 1.7 million acre-feet for irrigated agriculture.

Total net water use is projected to increase at an average annual rate of 120,000 acre-feet over the next 30 years. This is markedly less than the average annual increase of about 550,000 acre-feet for the previous 30 years (1950–1980).

The greatest need for additional water supplies exists in the San Joaquin, Tulare Lake, and South Coastal regions where serious ground water overdraft is present. These regions are the principal importers of supplies from the State Water Project. Sixty percent of the increase in net urban water use is expected to occur in the coastal metropolitan areas of the San Francisco Bay, the Central Coast, Los Angeles, Santa Ana, and San Diego regions. About 45 percent, or 860,000 acre-feet, of the increase will occur in the latter three areas—the South Coastal region.

The Central Valley region will experience the major increase in agricultural net water use. The San Francisco Bay and South Coastal regions are projected to have decreases in such usage. The principal increase in annual net agricultural water use by 2010 is 700,000 acre-feet in the Tulare Lake region, representing a 9 percent rise from the 1980 level. If the State Water Project is unable to meet its contract commitments, there will be a shortage of as much as 660,000 acre-feet of surface water supply annually, 90 percent of which could be offset by additional overdraft. In that case, total overdraft may be as much as 2.4 million acre-feet annually by 2010.

The projected increase in annual net agriculture water use of 460,000 acre-feet in the Sacramento region can be satisfied by water supplies available within that area.

In the lower Colorado River region, increased irrigation efficiency and reduced outflow to the Salton Sea could allow increased agricultural production. It may also be possible to transfer water conserved to the South Coastal region.

Net water use associated with public wildlife management areas, nonurban public parks, and energy production is forecast to increase from 710,000 acre-feet annually in 1980 to 900,000 acre-feet in 2010, a 30 percent rise.

Overall, higher costs of energy, labor, and other production elements are expected to stimulate the development of irrigation efficiencies. Such efficiencies will reduce applied water in 2010 by about 3.5 million acre-feet, a greater reduction than would otherwise have been projected. The corresponding reduction in the need for additional water supplies, however, is only 645,000 acre-feet because of reuse of excess applied water.

Future Water Supplies

Only about 5.5 million acre-feet, out of a total remaining undeveloped statewide surface water resource of 47.9 million acre-feet, appears to be potentially developable, considering current uses; wild and scenic river designations; and geologic, economic, and other constraints. Of this potential source, 4.6 million acre-feet, or 84 percent, occurs within the Sacramento Valley.

Upstream depletions will reduce the present yield of existing State Water Project facilities from 2.3 million acre-feet annually to about 1.7 million acre-feet by 2010. These upstream depletions will be offset by savings from conservation, water reclamation, additional pumping capacity at the Delta, and greater use of underground storage capacity in conjunction with surplus surface supplies. The resulting yield is about 1.5 million acre-feet less than projected requirements. Because of voter rejection of the Peripheral Canal measure in 1982, certain additions to the State Water Project have been eliminated from consideration. Several alternatives exist to make up this deficiency eventually, and planning is under way to select the best projects and schedules.

With current supplies, the State Water Project can satisfy its service area needs in average and wet years during the 1980s. Beyond that period, the projected decreases in yield, coupled with continued growth in requirements, increase the risk of more severe and frequent shortages.

Total ground water storage in California amounts to more than 850 million acre-feet. In most areas where shortages in surface supplies are projected, ground water is available within economic pumping lifts and can be used as a supplemental supply until surface supplies become available.

Water Resource Policy

The Governor's 1984 State of the State message proposed a seven point water resource policy. The

Governor noted that "perhaps the most urgent challenge facing California's infrastructure is the development of additional water supplies".

To ensure enough water for all Californians, the following seven points are emphasized.

- Water conservation and salvage of wasted water are among the must economical ways to meet our needs.
- The quality of the state's water supplies must be protected.
- Additional facilities are needed to store surplus water underground and in off-stream reservoirs.
- Where feasible, water systems should be interconnected to improve their utility during droughts.
- Fish and wildlife must be protected.
- The water rights of the areas where water originates must be fully respected.
- Technology such as drip irrigation, waste water reclamation and desalinization represent important elements in water resource management programs.

The Administration is also giving high priority to improving the water transfer system in the Sacramento-San Joaquin Delta. Coupled with that will be increased surface and ground water storage capacity south of the Delta. The California Department of Water Resources is working with all interested parties to determine the most acceptable plan.

IX. TOURISM

The California travel and tourism industry is made up of a diverse collection of businesses, the vast majority of which are small businesses. Together they serve 97.4 million U.S. residents and approximately 4 million foreign residents who travel to and through California each year.

The economic impact of these travelers is substantial. In 1982, travel spending by U.S. residents taking California trips amounted to $24.7 billion, an increase of 3 percent compared to 1981. This was the smallest gain since the California Office of Tourism began compiling these figures in 1978. The phenomena was not, however, unique to California. Nationally, domestic travel expenditures rose only 2 percent in 1982. Domestic travel expenditures had been increasing at an average annual rate of nearly 17 percent.

Table IX-1 shows total domestic travel expenditures in California from 1978 to 1982, as well as employment levels, payroll, and State and local tax receipts generated by these expenditures.

The Impact of Recession

The effects of recession can be clearly seen in the modest gains registered in payroll, State and local tax receipts, and the slight (0.4%) decline in travel-generated employment. During the period 1978 through 1981, these categories had shown average annual increases of 16.1 percent (payroll), 16.5 percent (State tax receipts), 16.6 percent (local tax receipts) and 7.7 percent (employment).

Domestic travel expenditures average $425 million per county, from a high of $7.4 billion in Los Angeles County, to a low of $5.8 million in Alpine County. Five counties registered levels of more than a billion dollars.

Travel-related jobs employ an average of 8,820 persons per county, for a ratio of one job for approximately every $48,200 travel expenditures. Table IX-2 indicates total travel-related expenditures, employment and payroll for 1982 and the percent change from 1981. Travel generated employment is broken down by industry category in Table IX-3. The labor intensiveness of the food service industry, including restaurants and other eating and drinking places, provides more jobs than any other category and accounts for approximately half of all travel and tourism employment. Lodging accounted for another 15.5 percent, and public transportation for more than 13 percent.

Special Events

Two events in 1984 will provide an added stimulus to California's tourism industry: the Olympics in

TABLE IX-1
TRAVEL-RELATED EXPENDITURES, PAYROLL, EMPLOYMENT AND TAX RECEIPTS IN CALIFORNIA *, 1978–1982

	1978	*1979*	*1980*	*1981*	*1982* **
Expenditures					
(Billions)	$15.2	$19.1	$21.9	$23.9	$24.7
% change	17.1	26.1	14.4	9.4	3.0
Payroll					
(Billions)	$3.6	$4.5	$5.0	$5.5	$5.7
% change	18.8	23.6	10.7	10.2	5.3
Employment	425,579	473,813	496,323	514,593	511,570
% change	11.1	11.3	4.8	3.7	−0.6
State tax receipts					
(Millions)	$684.0	$770.1	$846.5	$858.0	$888.4
% change	21.5	12.6	9.9	1.4	3.5
Local tax receipts					
(Millions)	$348.2	$320.7	$370.4	$459.4	$493.2
% change	17.1	−7.9	15.5	24.0	7.4

* Travel by U.S. residents only; foreign travelers spend another $3 billion in California annually.
** Preliminary.

Source: U.S. Travel Data Center; California Office of Tourism

TABLE IX-2

TRAVEL-RELATED EXPENDITURES, PAYROLL AND EMPLOYMENT IN CALIFORNIA COUNTIES, 1982

	Total Travel Expenditures (Thousands)	*Percent Change From 1981*	*Travel Generated Payroll (Thousands)*	*Percent Change From 1981*	*Travel Generated Employment (Jobs)*	*Percent Change From 1981*
Alameda	$733,966	2.9	$179,275	4.2	13,804	−1.2
Alpine	5,797	4.7	1,059	6.8	110	n.c.
Amador	11,011	2.9	2,287	6.3	278	n.c.
Butte	65,292	4.4	12,486	6.6	1,297	n.c.
Calaveras	14,311	2.4	3,055	6.2	378	−0.2
Colusa	12,435	6.1	2,061	7.2	184	n.c.
Contra Costa	109,214	3.3	29,938	4.5	3,087	−1.3
Del Norte	34,591	2.5	7,398	6.1	905	−0.1
El Dorado	296,890	2.6	63,026	6.1	7,589	n.c.
Fresno	298,847	3.7	63,618	5.9	6,611	−0.3
Glenn	12,424	4.0	2,399	6.6	267	−0.3
Humboldt	112,836	2.8	24,846	5.9	2,784	−0.2
Imperial	64,499	3.3	13,984	5.9	1,425	−0.2
Inyo	50,959	2.6	10,822	6.2	1,322	−0.1
Kern	176,464	3.2	39,004	5.9	4,352	−0.2
Kings	17,967	3.7	3,852	5.4	424	−0.6
Lake	76,327	3.2	15,584	6.3	1,826	n.c.
Lassen	17,326	3.7	3,408	6.5	387	−0.2
Los Angeles	7,411,875	3.1	1,818,102	4.9	137,295	−0.8
Madera	30,847	3.9	5,999	6.5	675	n.c.
Marin	116,532	3.4	26,831	5.5	2,807	−0.5
Mariposa	44,802	2.4	9,572	6.2	1,185	−0.1
Mendocino	89,292	2.7	19,044	6.1	2,294	−0.1
Merced	35,297	4.0	7,304	6.0	799	−0.3
Modoc	8,492	4.1	1,626	6.6	179	−0.5
Mono	76,067	3.9	14,746	6.5	1,645	n.c.
Monterey	574,904	2.5	124,706	6.0	15,050	−0.1
Napa	49,589	2.8	11,158	5.8	1,315	−0.3
Nevada	48,209	3.8	9,741	6.3	1,086	−0.2
Orange	1,770,193	2.9	412,087	5.5	40,012	−0.4
Placer	131,601	5.4	23,625	6.8	2,293	−0.1
Plumas	58,042	6.2	9,521	7.3	834	n.c.
Riverside	730,970	2.9	156,041	6.1	18,443	−0.1
Sacramento	362,678	2.9	84,213	5.4	8,853	−0.4
San Benito	6,688	4.7	1,233	6.8	130	n.c.
San Bernardino	350,308	3.6	74,879	6.0	7,840	−0.2
San Diego	2,355,500	2.7	520,577	5.8	54,225	−0.1
San Francisco	3,342,361	2.4	774,188	5.3	78,038	−0.5
San Joaquin	84,141	3.5	19,401	5.5	2,063	−0.5
San Luis Obispo	241,357	2.4	52,813	5.8	6,165	−0.2
San Mateo	2,605,449	3.4	643,907	4.9	31,936	−0.9
Santa Barbara	341,255	2.5	77,070	5.8	8,923	−0.2
Santa Clara	584,565	2.9	138,366	5.4	15,169	−0.5
Santa Cruz	136,922	3.7	28,174	6.2	3,165	−0.2
Shasta	113,877	2.9	24,691	5.9	2,816	−0.1
Sierra	11,287	6.4	1,830	7.3	157	n.c.
Siskiyou	69,101	3.4	13,935	6.3	1,605	n.c.
Solano	82,998	3.6	19,714	5.2	1,564	−0.7

TABLE IX-2
TRAVEL-RELATED EXPENDITURES, PAYROLL AND EMPLOYMENT IN CALIFORNIA COUNTIES, 1982

	Total Travel Expenditures (Thousands)	*Percent Change From 1981*	*Travel Generated Payroll (Thousands)*	*Percent Change From 1981*	*Travel Generated Employment (Jobs)*	*Percent Change From 1981*
Sonoma	169,523	3.7	38,107	5.6	3,995	−0.5
Stanislaus	92,070	3.4	19,571	5.9	2,248	−0.2
Sutter	13,145	5.7	2,519	6.4	235	−0.3
Tehama	34,443	4.5	6,395	6.7	679	n.c.
Trinity	11,651	4.1	2,223	6.6	243	−0.3
Tulare	59,467	4.0	12,231	6.2	1,310	−0.1
Tuolumne	30,934	3.4	6,348	6.2	732	n.c.
Ventura	184,589	3.1	40,514	6.0	4,372	−0.2
Yolo	64,702	2.8	14,643	5.8	1,719	−0.4
Yuba	19,135	3.3	3,867	6.4	456	n.c.

Note: Details may not add to totals due to rounding.
Source: *The Economic Impact of Travel in California, 1983.* California Office of Tourism.

TABLE IX-3
TRAVEL-GENERATED EMPLOYMENT IN CALIFORNIA BY CATEGORY, 1980

Industry Category	*Employment (Jobs)*	*Percent of State Total*
Public transporatation	68,819	13.4
Auto transportation	27,809	5.4
Lodging	79,909	15.5
Food service	255,087	49.6
Entertainment/recreation	41,864	8.1
General retail trade	10,349	4.0
Travel arrangement	20,050	3.9
Total	513,887	100.0

Note: Detail may not add to totals due to rounding.
Source: Economic Impact of Travel in California.

Los Angeles and the Democratic National Convention, to be held in San Francisco.

Democratic Convention

From July 16 to 19, 1984 the Democratic party will hold their national convention at the Moscone Center in San Francisco. About 30,000 persons are expected to attend, including the following:

- 3,900 delegates
- 1,300 alternates
- 6,000 official guests
- 3,000–4,000 other interested persons
- 10,000 media representatives with credentials
- 5,000 media technicians

It is estimated that about $60 million in direct benefits will accrue to the Bay Area as a result of the event. Most of the gain will represent purchases by individuals for lodging, food, transportation, and entertainment. For example, 20,000 hotel rooms have already been pledged for use by convention attendees. After individual purchases, the next major source of economic stimulus will come from the purchase and installation of equipment by the news media.

The Olympics

Los Angeles will host the 1984 Summer Olympics from July 28, 1984 through August 12, 1984. At this time, the events will be conducted at 19 sites located in five Southern California counties.

The tickets to the Olympic Games will be distributed in the following shares:

Foreign countries (10%)	700,000
International Olympic Committee (IOC) requirements (10%)	700,000
Sponsors (10%)	700,000
U.S.—Outside Southern California (21%)	1,470,000
U.S.—Southern California Residents (49%)	3,430,000
Total Tickets	7,000,000

In addition to the ticket events, about 1.5 million spectators will be able to watch free events such as the marathons and walking, sailing, and cycling races. It is expected that the 8.5 million available ticket and nonticket seats will be used by 4.5 million spectators.

Ten thousand to 12 thousand athletes representing approximately 150 countries will begin arriving in Los Angeles during June 1984. Some athletes will begin practice workouts at various locations and will move into the Olympic Villages starting July 14, 1984. Accompanying the athletes will be approximately 3,000 officials responsible for coordinating the events.

The mass influx of people for a protracted period of time will affect many public agencies and private organizations. Everything from food services and lodging, to security and transportation will be affected. Thus, it is anticipated the 1984 Olympic Games will have wide-ranging impact on all walks of life in Southern California.

TABLE IX-4
SUMMARY OF PRIMARY ECONOMIC IMPACT BY COMPONENT
(Thousands of constant 1982 dollars)

Primary Impact Activity	*Gross Expenditures*	*Value Added Component*[1]
Pre-Olympic Visitation and Business Activities	$4,100	$4,100
Communications, Electronic Media, and Other Related Capital Expenditures	100,000	80,000
Additional Sponsorship Advertising	4,000	4,000
Cultural Activities		
Events	12,160	9,728
Related Expenditures	1,269	1,269
Related Pre-Olympic Sporting Events		
Events	2,300	1,840
Related Expenditures	1,000	1,000
Olympic Game Operations	402,000	372,000
Village Operations	65,000	65,000
Out-of-Town Expenditures		
Visitors in Commercial Accommodations	191,000	181,550
Visitors with Friends/Relatives	141,560	134,480
Local Resident Expenditures	30,650	29,120
Local Souvenirs and Merchandise	45,000	20,000
Nonlocal Souvenirs and Merchandise	50,000	10,000
Village Resident Expenditures	1,120	1,120
Government Revenues	25,000	25,000
Long-Range Benefits	21,000	8,400
Total	$1,097,259	$948,607

[1] Represents gross expenditures less anticipated direct out-of-area expenditures. "Value-added" means only the initial first-round expenditures which are made directly in Southern California.

Source: Economics Research Associates.

A study prepared by Economic Research Associates (ERA) for the Los Angeles Olympic Organizing Committee identified economic impacts on the Southern California community as a result of the Games. Table IX-4 summarizes their findings in terms of 1982 dollar values. The $949 million given for primary or direct impact, and the additional induced or multiplier impact of $2.4 billion, would obviously be greater when expressed in current dollars.

There has been concern that the vigorous promotion of the Games, and the warnings about transportation and other problems, may reduce attendance and the expected economic benefits. On the other hand, there are unquantifiable gains to the Los Angeles area which will result from the worldwide exposure and recognition which the Olympics generates. The net economic impact of the Games will probably not be known with any certainty until some time after their conclusion.

1984–85 Budget Proposal

The 1984–85 Governor's Budget includes $5.1 million in new money along with 2.9 personnel years of staffing to implement a State tourism advertising and promotion campaign. It is estimated that such a campaign could generate $163 million in travel expenditures, 3,400 new jobs, $6.4 million in State tax revenue and $2.3 million in local tax revenue.

X. FOREIGN TRADE

The value of exports moving through California customs districts reached an estimated $29.2 billion in 1983. Imports reached an all-time high of about $35.5 billion. The $64.7 billion in total trade was also set a new record, surpassing the $61.7 billion level reached in 1982.

California customs district trade data compiled by the U.S. Department of Commerce does not represent trade for just the State. The districts serve as a gateway for many goods destined for, and originating from, interior states. Furthermore, some California goods enter or leave the U.S. through other customs districts. The experience of many international businesses is that 60 to 70 percent of California customs district trade is attributable to this State.

The gap between California exports and imports narrowed from 1977 to 1981, before doubling in 1982 and again in 1983. Due to interstate trade, however, the State deficit amounts shown below are only general indicators of the net inflow of goods:

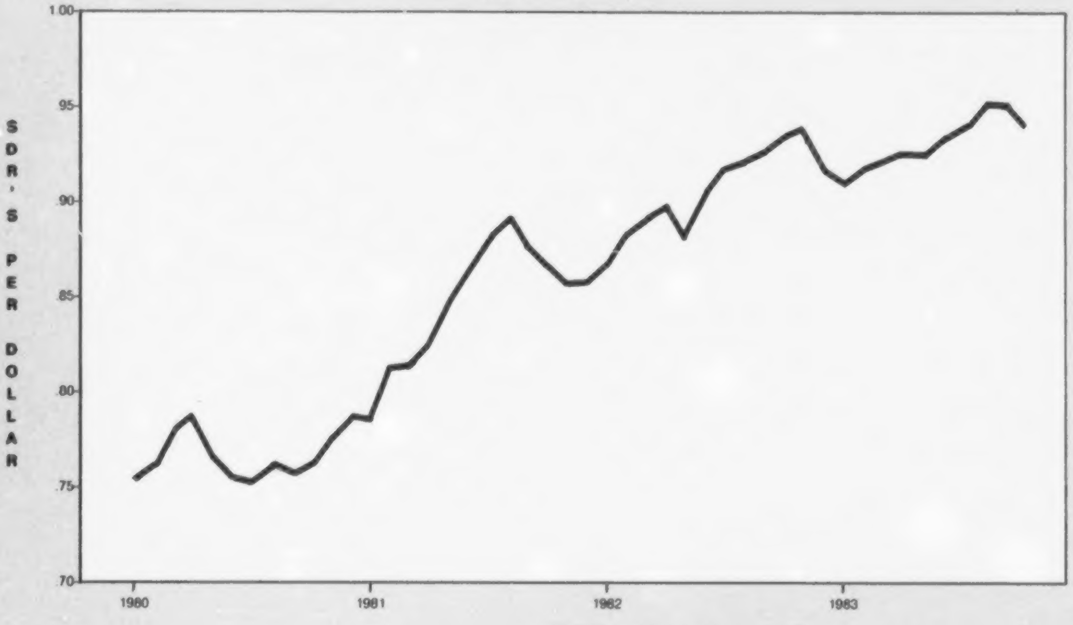
California Customs Districts
Exports Minus Imports
(In millions)

1976	−$3,775
1977	−6,927
1978	−6,562
1979	−4,626
1980	−2,619
1981	−1,700
1982	−3,463
1983 *	−6,300

* Department of Finance estimate.

The imbalance between exports and imports in California is part of a nationwide problem. The relatively slower rate of economic recovery by foreign trading partners, coupled with the strength of the American dollar relative to most foreign currencies, has held back overseas demand for

FIGURE X-1
THE U.S. DOLLAR RELATIVE TO THE SDR*
1980 TO 1983



* SPECIAL DRAWING RIGHT

TABLE X-1
CALIFORNIA FOREIGN TRADE, SELECTED YEARS
(In millions)

	Imports	*Exports*
1960	$1,250	$1,388
1965	1,916	1,519
1970	4,408	4,245
1975	11,715	10,340
1976	15,300	11,525
1977	19,113	12,186
1978	21,496	14,934
1979	24,929	20,303
1980	29,414	26,794
1981	31,690	29,990
1982	32,583	29,120
1983*	35,500	29,200

Source: U.S. Department of Commerce as obtained from the Security Pacific Bank International Trade Databank.

* Department of Finance estimate.

U.S. products. The high value of the dollar has also made foreign goods less expensive, thereby stimulating imports.

Electrical machinery and equipment represents the largest share of imports. Electronic tubes, photocells, transistors and related items are the most traded products in this group. Transportation equipment—primarily motor vehicles—accounts for the second largest share of California imports. The remaining major import categories include agricultural goods, metal products, and crude petroleum.

Machinery and mechanical equipment comprise the largest share of California exports. Almost half of this group represents automatic data processing and office equipment, while one-quarter are boilers and nonelectric motors and equipment. Electrical machinery and equipment accounts for the second largest share of this state's exports, with electronic tubes, photocells, and transistors the primary products. The major remaining export categories include transportation equipment—primarily aircraft—raw cotton, and opticals and scientific instruments.

Over two-thirds of California customs district trade is with Asia. The importance of the Pacific Rim countries as trading partners cannot be overemphasized. The over $20 billion in trade with Japan alone is exceeded in importance only by the dominance of Japanese trade in selected commodity categories. During 1983, for example, Japan provided a large share of all electrical machinery and equipment imports, and most of the mechanical and transportation equipment imports.

Most of the other important California trading partners are also in the Asian region, and include South Korea, Taiwan, Indonesian, Singapore and Hong Kong. Europe is the second largest trading region, accounting for slightly over one-eighth of all trade. Most Euorpean trade is with the countries of West Germany, the United Kingdom, France and the Netherlands. The state's two largest trading partners among the remaining areas of the world are the countries of Australia and Mexico.

THE GREAT SEAL OF THE STATE OF
EUREKA
CALIFORNIA

STATISTICAL APPENDIX

STATISTICAL APPENDIX

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TABLE 1
POPULATION OF THE UNITED STATES AND CALIFORNIA, 1960–83 [*]

Year (July 1)	United States [1]	California [2]	California as percent of United States	Percent change	
				United States	California
1960	179,975,000	15,863,000	8.8	1.6	3.8
1961	182,973,000	16,412,000	9.0	1.7	3.5
1962	185,738,000	16,951,000	9.1	1.5	3.3
1963	188,438,000	17,530,000	9.3	1.5	3.4
1964	191,085,000	18,026,000	9.4	1.4	2.8
1965	193,460,000	18,464,000	9.5	1.2	2.4
1966	195,501,000	18,831,000	9.6	1.1	2.0
1967	197,374,000	19,174,700	9.7	1.0	1.8
1968	199,312,000	19,432,000	9.7	1.0	1.3
1969	201,306,000	19,744,700	9.8	1.0	1.6
1970	203,984,000	20,039,000	9.8	1.3	1.5
1971	206,827,000	20,346,000	9.8	1.4	1.5
1972	209,284,000	20,585,000	9.8	1.2	1.2
1973	211,357,000	20,868,000	9.9	1.0	1.4
1974	213,342,000	21,173,000	9.9	0.9	1.5
1975	215,465,000	21,537,000	10.0	1.0	1.7
1976	217,563,000	21,935,000	10.1	1.0	1.8
1977	219,760,000	22,350,000	10.2	1.0	1.9
1978	222,095,000	22,839,000	10.3	1.1	2.2
1979	224,567,000	23,255,000	10.4	1.1	1.8
1980	227,202,000	23,771,000	10.5	1.2	2.2
1981	229,348,000	24,220,000	10.6	0.9	1.9
1982	231,534,000	24,697,000	10.7	1.0	2.0
1983	233,722,000	25,174,000	10.8	0.9	1.9

[*] Includes members of the Armed Forces stationed in the area.

[1] Source: 1960–69 U.S. Bureau of the Census, Current Population Reports P-25 No. 640
1970–83 U.S. Bureau of Census Current Population Reports P-25

[2] Source: 1960–69 California Department of Finance
1970–83 U.S. Bureau of Census Current Population Reports P-25

TABLE 2
COMPONENTS OF CHANGE IN CALIFORNIA'S CIVILIAN POPULATION, 1960–83

Year (July 1)	Civilian population [1]	Net change	Net migration [2]	Natural increase [3]	Gains from military
1960	15,550,000	586,000	351,000	231,000	+4,000
1961	16,108,000	558,000	308,000	244,000	+6,000
1962	16,634,000	526,000	306,000	240,000	−20,000
1963	17,197,000	563,000	320,000	234,000	+9,000
1964	17,706,000	509,000	308,000	230,000	−29,000
1965	18,143,000	437,000	232,000	217,000	−12,000
1966	18,459,000	316,000	179,000	185,000	−48,000
1967	18,796,000	337,000	198,000	184,000	−45,000
1968	19,046,000	250,000	102,000	176,000	−28,000
1969	19,354,000	308,000	118,000	185,000	+5,000
1970	19,663,000	309,000	96,000	193,000	+20,000
1971	20,002,000	339,000	128,000	184,000	+27,000
1972	20,264,000	262,000	98,000	144,000	+20,000
1973	20,557,000	293,000	161,000	130,000	+2,000
1974	20,873,000	316,000	182,000	131,000	+3,000
1975	21,248,000	375,000	228,000	145,000	+2,000
1976	21,652,000	404,000	248,000	153,000	+3,000
1977	22,073,000	421,000	247,000	174,000	—
1978	22,569,000	496,000	319,000	177,000	—
1979	22,988,000	419,000	228,000	191,000	—
1980	23,508,000	520,000	310,000	210,000	—
1981	23,946,000	438,000	213,000	225,000	—
1982	24,409,000	463,000	224,000	239,000	—
1983	24,886,000	477,000	237,000	240,000	—

[1] Source: U.S. Bureau of Census.

[2] May be biased upwards by approximately 66,000 persons per year 1970–1980 due to improved census techniques.

[3] Source: California Department of Finance, Population Research Unit.

TABLE 3

TOTAL POPULATION OF CALIFORNIA COUNTIES
JANUARY 1, 1983

County	Total Population 1-1-83	County	Total Population 1-1-83
Alameda	1,145,100	Placer	127,700
Alpine	1,170	Plumas	18,500
Amador	21,050	Riverside	731,200
Butte	154,400	Sacramento	839,900
Calaveras	24,350	San Benito	27,650
Colusa	14,200	San Bernardino	985,900
Contra Costa	681,600	San Diego	1,986,000
Del Norte	18,600	San Francisco	705,700
El Dorado	95,700	San Joaquin	381,500
Fresno	546,000	San Luis Obispo	170,200
Glenn	22,550	San Mateo	593,500
Humboldt	111,200	Santa Barbara	313,500
Imperial	100,000	Santa Clara	1,343,100
Inyo	18,600	Santa Cruz	200,300
Kern	442,800	Shasta	123,000
Kings	79,500	Sierra	3,320
Lake	42,200	Siskiyou	41,600
Lassen	23,700	Solano	257,900
Los Angeles	7,763,800	Sonoma	318,000
Madera	70,900	Stanislaus	286,400
Marin	223,800	Sutter	56,500
Mariposa	12,150	Tehama	41,900
Mendocino	70,400	Trinity	12,700
Merced	146,300	Tulare	263,000
Modoc	9,375	Tuolumne	37,100
Mono	9,375	Ventura	565,600
Monterey	309,000	Yolo	118,900
Napa	101,300	Yuba	51,400
Nevada	61,400		
Orange	2,036,400	Sum of Counties [a]	24,959,000

[a] Total may not equal sum due to independent rounding.

Note: Revisions for prior years available on request.

Source: California Department of Finance, Population Research Unit.

TABLE 4

CIVILIAN LABOR FORCE, CALIFORNIA, 1967–83

(In thousands)

Year and month	Labor force[a]	Employed[b]	Unemployed[c]	Percent unemployed	
1967	7,679	7,242	437	5.7	
1968	7,792	7,369	423	5.4	
1969	7,919	7,508	411	5.2	
1970	8,166	7,574	592	7.3	
1971	8,406	7,668	739	8.8	
1972	8,652	7,995	656	7.6	
1973	8,909	8,285	624	7.0	
1974	9,316	8,637	679	7.3	
1975	9,538	8,597	941	9.9	
1976	9,895	8,989	906	9.2	
1977	10,365	9,512	852	8.2	
1978	10,910	10,135	775	7.1	
1979	11,266	10,565	702	6.2	
1980	11,583	10,793	790	6.8	
1981	11,811	10,937	874	7.4	
1982	12,184	10,973	1,211	9.9	
1983	12,333	11,141	1,192	9.7	
				Unadjusted	Adjusted for seasonal variations
1982 January	11,939	10,819	1,120	9.4	8.7
February	11,983	10,835	1,149	9.6	8.8
March	11,992	10,832	1,160	9.7	9.3
April	12,038	10,903	1,134	9.4	9.3
May	12,113	11,025	1,089	9.0	9.5
June	12,194	11,052	1,142	9.4	9.5
July	12,389	11,067	1,321	10.7	10.5
August	12,361	11,106	1,255	10.2	10.2
September	12,263	11,079	1,184	9.7	10.3
October	12,335	11,061	1,274	10.3	10.8
November	12,296	10,949	1,346	11.0	11.1
December	12,305	10,951	1,354	11.0	11.1
1983 January	12,237	10,803	1,434	11.7	11.0
February	12,217	10,765	1,452	11.9	11.0
March	12,173	10,842	1,331	10.9	10.6
April	12,111	10,910	1,200	9.9	9.8
May	12,259	11,044	1,216	9.9	10.4
June	12,448	11,195	1,253	10.1	10.2
July	12,451	11,268	1,183	9.5	9.3
August	12,508	11,319	1,189	9.5	9.6
September	12,374	11,347	1,027	8.3	9.0
October	12,352	11,356	996	8.1	8.5
November	12,449	11,425	1,024	8.2	8.4
December	12,400	11,408	993	8.0	8.1

[a] Detail may not add to total because of rounding.

[b] Includes wage and salary workers, employers, own-account workers, and unpaid family workers. Excludes workers directly involved in work stoppages who receive no pay for the payroll period which includes 12th of the month.

[c] Excludes the potential or latent supply of workers not active in the labor market and workers directly involved in work stoppages.

Source: California Employment Development Department.

TABLE 5

WAGE AND SALARY WORKERS IN NONAGRICULTURAL ESTABLISHMENTS BY MAJOR INDUSTRY DIVISION, CALIFORNIA, 1972–83[a]

(In thousands)

Year and month	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
1972	7,209.9	29.2	312.4	1,536.0	454.1	1,608.6	409.3	1,367.7	1,492.6
1973	7,621.9	30.5	333.4	1,653.5	467.0	1,703.2	431.6	1,477.8	1,524.8
1974	7,834.3	32.7	317.8	1,694.1	470.7	1,751.9	444.8	1,536.3	1,585.9
1975	7,847.2	33.9	285.9	1,586.9	458.1	1,786.3	446.4	1,579.1	1,670.6
1976	8,154.2	34.7	301.3	1,650.9	463.9	1,875.6	468.7	1,663.5	1,695.6
1977	8,599.7	35.6	350.4	1,728.3	476.5	1,982.4	505.4	1,780.4	1,740.7
1978	9,199.8	37.1	401.9	1,875.2	506.4	2,126.0	553.2	1,946.9	1,753.1
1979	9,664.6	39.3	448.7	2,002.7	534.7	2,223.8	595.9	2,084.5	1,735.0
1980	9,852.4	43.5	428.3	2,007.8	546.3	2,266.8	623.1	2,172.6	1,763.9
1981	9,996.2	49.2	407.5	2,022.7	554.8	2,301.5	642.9	2,261.1	1,756.4
1982	9,823.8	50.4	349.0	1,945.4	542.8	2,275.2	642.4	2,283.4	1,735.1
1983	9,928.0	47.4	359.7	1,927.2	534.8	2,328.1	655.9	2,349.8	1,725.1
1982 January	9,832.7	52.2	353.8	1,955.0	544.3	2,272.1	643.4	2,258.7	1,753.2
February	9,833.6	51.9	350.1	1,952.6	540.3	2,251.1	643.4	2,275.2	1,769.0
March	9,859.8	51.5	349.6	1,962.7	539.1	2,249.0	645.5	2,287.5	1,774.9
April	9,840.3	50.7	340.6	1,954.5	539.5	2,248.2	643.8	2,286.1	1,776.9
May	9,862.0	50.7	348.1	1,950.6	541.7	2,263.0	642.6	2,286.2	1,779.1
June	9,892.0	50.9	355.6	1,952.5	544.8	2,274.7	644.3	2,292.2	1,777.0
July	9,754.6	50.8	352.6	1,960.7	549.3	2,270.0	641.5	2,278.2	1,651.5
August	9,719.4	50.5	352.3	1,969.3	547.3	2,268.0	641.0	2,273.2	1,617.8
September	9,811.6	50.0	353.4	1,966.1	548.5	2,280.4	640.4	2,294.7	1,678.1
October	9,814.0	48.6	350.0	1,931.2	542.5	2,278.7	641.2	2,287.1	1,734.7
November	9,816.7	48.4	341.8	1,902.6	538.5	2,299.3	640.8	2,288.8	1,756.5
December	9,848.7	48.1	339.5	1,887.3	538.0	2,348.5	641.4	2,292.8	1,753.1
1983 January	9,706.8	47.2	326.9	1,866.8	529.4	2,274.4	641.6	2,279.4	1,741.1
February	9,709.7	46.8	319.3	1,874.8	527.4	2,252.7	642.6	2,295.3	1,750.8
March	9,775.9	46.3	324.4	1,890.5	529.6	2,263.5	646.3	2,314.6	1,760.7
April	9,833.4	46.6	339.5	1,897.0	532.3	2,271.2	651.5	2,333.6	1,761.7
May	9,891.2	47.1	351.4	1,909.3	533.5	2,291.1	654.4	2,338.9	1,765.5
June	9,993.6	47.8	367.5	1,931.5	540.3	2,322.3	659.4	2,359.7	1,765.1
July	9,896.0	48.2	365.2	1,942.3	544.6	2,329.5	661.3	2,361.1	1,643.8
August	9,878.3	47.8	381.6	1,970.7	498.1	2,340.6	663.0	2,366.4	1,610.1
September	10,036.3	47.8	389.2	1,971.0	548.1	2,357.4	662.4	2,381.7	1,678.7
October	10,100.7	47.6	390.1	1,965.5	545.8	2,373.1	661.4	2,386.6	1,730.6
November	10,130.9	47.6	382.4	1,957.5	545.0	2,401.9	662.6	2,385.7	1,748.2
December	10,183.4	47.4	378.8	1,950.0	544.0	2,459.9	663.9	2,394.6	1,744.8

[a] Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.
Source: California Employment Development Department.
(Official U. S. Bureau of Labor Statistics series. The text portion of this report uses the interim series prepared by the EDD.)

TABLE 6
WAGE AND SALARY WORKERS° IN NONAGRICULTURAL ESTABLISHMENTS, BY MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1982–83

(In thousands)

Area and year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
Los Angeles-Long Beach									
1982	3,540.7	14.1	100.0	862.8	197.2	803.7	234.1	860.4	468.5
1983	3,539.9	12.7	94.6	849.7	194.2	808.2	235.9	882.7	462.0
San Francisco-Oakland									
1982	1,557.4	4.5	61.2	189.5	126.8	357.5	152.9	380.8	284.2
1983	1,555.5	4.6	60.7	182.9	125.0	364.0	152.7	383.9	281.8
Anaheim-Santa Ana-Garden Grove									
1982	848.8	3.9	32.0	212.4	30.0	210.1	60.9	195.5	104.1
1983	860.3	3.6	32.5	209.6	29.4	216.8	63.6	201.3	103.6
San Jose									
1982	696.5	0.1	21.7	260.0	22.2	125.9	28.4	159.4	78.8
1983	713.1	0.1	23.5	260.9	21.1	132.9	29.2	168.9	76.7
San Diego									
1982	663.4	0.6	29.0	108.4	29.7	154.2	42.6	159.5	139.6
1983	676.0	0.5	31.2	106.3	29.6	159.7	45.3	163.4	139.9
Riverside-San Bernardino-Ontario									
1982	431.4	1.7	19.6	58.7	25.4	108.4	19.0	96.8	101.8
1983	437.6	1.2	21.4	57.5	25.3	111.7	19.5	99.4	101.7
Sacramento									
1982	406.0	0.9	15.4	26.7	22.6	94.7	22.8	79.4	143.6
1983	414.6	0.8	16.8	27.9	21.3	98.1	23.4	82.0	144.2
Fresno									
1982	175.2	1.0	8.1	21.2	10.3	45.8	11.4	37.4	40.0
1983	175.0	1.1	8.7	20.5	9.9	45.2	11.9	38.1	39.7
Bakersfield									
1982	138.9	14.4	6.8	10.0	8.0	35.6	5.4	25.6	33.2
1983	139.8	14.2	7.0	9.6	7.8	35.7	5.6	26.8	33.3
Stockton									
1982	119.1	0.1	5.1	20.7	7.9	27.6	6.0	24.6	27.1
1983	118.7	0.1	5.8	19.6	7.8	27.8	6.1	24.5	27.0
Oxnard-Simi Valley-Ventura									
1982	160.5	3.1	5.5	25.7	6.6	38.8	9.8	32.9	38.1
1983	163.6	3.4	5.8	25.2	6.7	40.5	10.7	34.0	37.4
Santa Barbara-Santa Maria-Lompoc									
1982	123.0	1.6	4.5	19.7	5.3	29.9	5.9	31.7	24.4
1983	123.8	1.6	4.4	20.5	5.2	29.8	6.3	31.7	24.3

TABLE 6—Continued

WAGE AND SALARY WORKERS [a] IN NONAGRICULTURAL ESTABLISHMENTS, BY MAJOR INDUSTRY DIVISION, SELECTED AREAS, 1982–83

(In thousands)

Area and year	Total	Mineral extraction	Construction	Manufacturing	Transportation and utilities	Trade	Finance, insurance, and real estate	Services	Government
Vallejo-Fairfield-Napa									
1982	101.8	0.5	4.4	10.9	4.4	22.2	3.6	20.8	35.1
1983	101.6	0.4	4.5	10.0	4.1	22.6	3.7	21.2	35.2
Salinas-Seaside-Monterey									
1982	90.6	0.4	3.1	9.1	4.6	24.2	4.1	20.9	24.3
1983	90.1	0.4	3.0	8.5	4.4	24.1	4.4	20.9	24.2
Modesto									
1982	84.9	0.1	3.9	19.2	4.0	21.1	3.4	17.4	15.8
1983	84.7	0.1	4.2	18.9	3.9	21.4	3.6	17.3	15.2
Santa Rosa									
1982	95.2	0.6	4.6	15.3	4.7	23.7	6.1	20.4	19.9
1983	96.3	0.7	4.4	15.4	4.8	23.9	6.3	21.1	19.7

[a] Does not include employers, own-account workers, unpaid family workers, domestic servants, and agricultural workers.

Area definitions:

Anaheim-Santa Ana-Garden Grove—Orange County.
Bakersfield—Kern County.
Fresno—Fresno County.
Los Angeles-Long Beach—Los Angeles County.
Modesto-Turlock—Stanislaus County.
Oxnard-Ventura—Ventura County.
Sacramento—Placer, Sacramento, and Yolo Counties.
Salinas-Monterey—Monterey County.
Riverside-San Bernardino-Ontario—Riverside and San Bernardino Counties.
San Diego—San Diego County.
San Francisco-Oakland—Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties.
San Jose—Santa Clara County.
Santa Barbara—Santa Barbara County.
Santa Rosa—Sonoma County.
Stockton—San Joaquin County.
Vallejo-Napa—Napa and Solano Counties.

Source: California Employment Development Department.

TABLE 7

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1978–83

(In thousands)

Industry	1978	1979	1980	1981	1982	1983
Total	1,875.2	2,002.7	2,007.8	2,022.7	1,945.4	1,927.2
Nondurable goods	623.8	643.0	637.9	647.2	626.8	619.3
Durable goods	1,251.4	1,359.7	1,369.8	1,375.5	1,318.6	1,307.9
Nondurable goods						
Food and kindred products	182.3	186.4	186.6	186.8	182.5	174.9
Canned, cured, frozen sea foods	10.1	10.1	10.4	10.3	9.1	9.4
Meat products	20.2	20.1	20.2	18.9	18.6	16.3
Dairy products	12.7	13.5	13.9	14.7	14.0	13.8
Canned and preserved fruits and vegetables	56.0	58.3	56.9	56.1	55.4	52.9
Grain mill products	8.3	8.5	8.5	8.4	8.3	8.3
Bakery products	18.8	18.8	19.0	19.0	19.2	19.0
Beverages	23.6	23.8	24.8	25.9	26.0	25.5
Other food and kindred products	32.7	33.3	32.9	33.7	31.8	29.6
Textile mill products	15.8	16.0	14.4	13.7	12.4	12.8
Knitting mills	3.0	2.9	2.7	2.5	2.5	2.7
Floor covering mills	6.1	6.3	5.4	5.0	4.0	3.6
Other textile mill products	6.7	6.8	6.3	6.2	5.9	6.5
Apparel and other textile products	109.6	110.6	106.5	107.7	102.4	104.5
Men's and boys' furnishings	14.1	14.5	13.4	13.1	11.9	12.0
Women's and misses' outerwear	67.4	66.7	63.6	64.4	62.6	64.9
Women's and children's undergarments	3.9	4.2	4.4	4.5	4.1	4.0
Children's outerwear	1.4	1.4	1.6	1.8	2.0	2.0
Other apparel and textile products	22.8	23.8	23.6	24.0	21.8	21.6
Paper and allied products	37.7	39.1	38.9	38.5	37.3	36.5
Miscellaneous converted paper products	13.9	14.8	14.9	14.7	15.2	15.2
Paperboard containers and boxes	16.5	17.4	17.3	16.9	15.8	15.0
Other paper and allied products	7.3	7.0	6.7	6.9	6.3	6.4
Printing and publishing	112.4	118.9	123.2	125.1	124.5	126.5
Newspapers	39.6	41.6	42.8	43.2	42.5	43.0
Commercial printing	43.9	47.4	49.3	48.9	48.4	49.4
Other printing and publishing	28.8	29.9	31.2	33.0	33.6	34.2
Chemicals and allied products	62.9	64.4	65.2	67.1	64.5	61.9
Industrial inorganic chemicals	7.1	7.1	7.3	7.6	7.5	7.1
Plastics materials and synthetics	3.7	4.2	3.6	3.5	3.4	3.3
Drugs	14.8	15.7	16.9	18.2	18.2	17.8
Soaps, cleaners, toilet goods	13.5	13.4	13.9	14.5	13.3	11.9
Paints and allied products	7.9	8.3	7.4	7.4	6.7	6.7
Agricultural chemicals	5.1	5.2	5.4	5.3	4.6	4.3
Other chemicals and allied products	10.8	10.4	10.7	10.8	10.9	10.9
Petroleum and coal products	27.0	27.5	27.7	31.0	31.7	31.0
Petroleum refining	23.8	24.2	24.1	27.4	28.2	27.5
Other petroleum and coal products	3.2	3.3	3.6	3.6	3.5	3.5
Rubber and plastics products	63.8	68.0	64.7	65.1	61.2	62.0
Tires and inner tubes	5.3	4.8	2.6	1.5	1.4	1.3
Footwear and fabricated products	10.4	10.6	10.0	10.3	9.7	9.8
Miscellaneous plastics products	47.2	51.5	51.0	52.3	49.1	50.1
Other rubber and plastics products	0.9	1.1	1.2	1.1	1.0	0.8
Leather and leather products	12.4	12.3	10.9	12.0	10.5	9.3

TABLE 7—Continued

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1978–83

(In thousands)

Industry	1978	1979	1980	1981	1982	1983
Durable goods						
Lumber and wood products excluding furniture	69.5	68.7	61.1	57.1	46.3	49.7
Logging camps, sawmills, planing mills	26.5	27.2	24.2	21.8	18.1	19.2
Millwork, plywood, structural members	17.2	18.0	16.3	15.2	12.6	14.2
Wooden containers	4.4	4.7	4.6	4.2	3.8	3.7
Other lumber and wood products	21.4	18.7	16.0	15.9	11.9	12.7
Furniture and fixtures	55.0	56.9	54.0	55.0	49.0	51.5
Household furniture	35.9	37.0	33.8	33.6	29.3	30.8
Partitions and fixtures	6.2	6.8	6.9	6.9	6.3	6.6
Other furniture and fixtures	12.9	13.1	13.3	14.5	13.4	14.0
Stone, clay, and glass products	57.2	60.0	57.4	56.7	50.4	49.3
Glass and glass products	17.5	18.0	17.7	17.6	16.3	16.3
Hydraulic cement	3.4	3.6	3.7	3.7	3.7	3.3
Structural clay products	3.9	3.8	3.3	3.2	2.5	2.5
Pottery and related products	6.5	6.4	6.1	6.0	4.7	4.5
Concrete, gypsum, plaster products	15.8	17.3	16.5	16.1	14.0	14.4
Other stone, clay, and glass products	10.2	10.8	10.2	10.1	9.3	8.4
Primary metal industries	57.3	60.5	57.3	54.9	47.6	43.4
Blast furnace and basic steel products	20.3	21.2	17.7	16.1	12.3	9.9
Iron and steel foundries	8.7	9.1	8.8	8.9	8.0	6.7
Nonferrous rolling and drawing	14.7	15.5	15.8	14.6	13.0	13.1
Nonferrous foundries	9.5	10.4	10.4	10.5	9.7	9.6
Other primary metals	4.1	4.4	4.7	4.7	4.5	4.0
Fabricated metal products	147.5	158.7	155.0	152.1	137.6	135.2
Can and shipping containers	10.9	11.0	10.5	9.8	9.1	9.1
Cutlery, hand tools, hardware	17.6	18.6	16.7	15.7	14.5	14.1
Plumbing and heating excluding electric	7.5	8.2	7.6	7.4	6.7	6.7
Fabricated structural products	49.1	52.4	50.8	50.2	45.3	44.0
Screw machine products, bolts, etc.	11.3	13.6	15.5	15.0	12.1	11.1
Forgings and stampings	14.6	14.6	14.3	14.2	13.5	14.2
Metal services	18.3	20.2	19.9	20.0	18.3	18.4
Other fabricated metal products	18.2	19.9	19.8	19.7	18.1	17.6
Machinery excluding electrical	202.8	226.8	236.0	234.5	227.6	220.0
Farm and garden	5.0	5.4	5.5	5.7	5.0	4.8
Construction and related	19.6	21.4	21.7	23.3	20.8	14.3
Metalworking	18.7	20.6	20.0	18.9	16.8	16.2
Special industry	11.1	12.2	13.1	13.4	13.0	12.7
General industry	19.2	20.6	21.6	20.8	19.5	17.8
Office, computing, accounting	80.1	92.2	97.9	98.4	103.9	107.4
Refrigeration and service industry	7.2	7.6	7.7	8.0	8.3	8.4
Other machinery excluding electrical	42.0	46.8	48.4	45.9	40.4	38.4
Electrical equipment and supplies	284.6	316.8	334.8	346.5	351.2	357.3
Electrical distribution equipment	8.7	9.2	9.6	9.3	8.5	7.6
Industrial apparatus	13.7	14.2	14.8	14.3	13.2	11.9
Household appliances	5.6	5.7	5.6	6.2	4.7	4.6
Lighting and wiring equipment	20.5	23.5	23.3	22.3	20.2	19.5
Radio and TV receiving equipment	17.8	18.0	17.6	17.3	14.9	13.6
Communication equipment	113.2	123.5	131.2	141.6	150.5	153.0
Electronic components and accessories	97.3	114.6	124.2	126.1	131.0	138.3
Miscellaneous electrical equipment and supplies	7.8	8.0	8.5	9.5	8.3	8.8

TABLE 7—Continued

WAGE AND SALARY WORKERS IN MANUFACTURING, CALIFORNIA, 1978–83

(In thousands)

Industry	1978	1979	1980	1981	1982	1983
Transportation and equipment	254.2	277.2	274.7	274.7	263.3	258.1
Motor vehicles and equipment	49.6	49.6	34.6	35.0	30.6	29.3
Aircraft and parts	117.5	140.4	151.0	147.9	137.3	134.4
Ship and boat building and repairing	22.3	23.1	23.0	22.9	22.4	18.4
Guided missiles, space vehicles and parts	46.7	50.9	55.3	59.4	63.3	65.6
Other transportation equipment	18.1	13.5	10.8	9.5	9.6	10.4
Instruments and related products	80.4	92.2	99.9	102.6	102.4	103.3
Measuring and controlling	37.4	41.9	46.0	48.2	47.6	47.8
Other instruments and related products	43.0	50.2	54.0	54.4	54.8	55.6
Miscellaneous manufacturing	43.1	42.1	39.6	41.5	43.2	40.2
Toys and sporting goods	16.2	15.8	16.1	18.0	21.0	18.8
Other miscellaneous manufacturing	27.0	26.3	23.5	23.6	22.2	21.4

Source: California Employment Development Department.
(Official U.S. Bureau of Labor Statistics series. The text portion of the report uses the interim series prepared by EDD.)

Table 8
AEROSPACE EMPLOYMENT IN CALIFORNIA, 1960–83
(In thousands)

Year and Month [a]	Total Aerospace	Office Computing and Accounting Machines	Radio and TV Receiving Equipment	Communication Equipment	Electronic Components and Accessories	Aircraft and Parts	Guided Missiles and Space Vehicles	Measuring and Controlling Instruments
1960	422.5	23.3	9.9	92.2	29.1	181.4	68.4	18.2
1961	425.8	23.6	10.6	98.8	31.2	166.0	76.2	19.5
1962	457.6	25.4	12.0	112.0	35.4	161.0	89.6	22.1
1963	458.3	25.6	11.9	110.4	34.8	160.1	93.7	21.8
1964	433.5	26.9	11.0	98.1	32.4	153.6	90.8	20.8
1965	434.3	30.2	10.8	95.7	34.9	155.3	86.0	21.4
1966	495.0	33.8	13.7	103.3	47.7	181.3	92.1	23.1
1967	542.4	38.8	15.0	117.6	52.0	198.6	97.4	23.0
1968	544.3	42.7	15.5	117.0	52.4	195.4	96.9	24.6
1969	528.3	53.4	16.7	114.4	57.7	178.3	82.6	25.3
1970	466.3	58.3	15.1	102.9	53.0	148.3	64.5	24.3
1971	409.6	52.3	14.2	91.1	45.9	130.3	52.9	23.0
1972	420.9	52.1	15.0	90.6	52.0	135.4	50.7	25.1
1973	455.8	61.4	15.5	95.3	68.9	135.6	48.6	30.5
1974	478.9	69.7	15.8	97.6	78.5	134.9	49.7	32.7
1975	444.1	63.3	14.9	98.7	65.7	121.3	50.0	30.2
1976	441.3	62.3	16.1	99.5	74.8	108.5	47.6	32.5
1977	456.3	67.0	16.6	102.1	82.3	109.4	45.4	33.5
1978	510.0	80.1	17.8	113.2	97.3	117.5	46.7	37.4
1979	581.5	92.2	18.0	123.5	114.6	140.4	50.9	41.9
1980	623.0	97.9	17.6	131.2	124.2	151.0	55.3	46.0
1981	638.8	98.4	17.3	141.6	126.1	147.9	59.4	48.2
1982	648.5	103.9	14.9	150.5	131.0	137.3	63.3	47.6
1983	660.1	107.4	13.6	153.0	138.3	134.4	65.6	47.8
1983 January	646.8	104.0	13.8	150.3	131.2	135.4	65.1	47.0
February	647.9	104.8	13.6	150.2	132.1	134.9	65.1	47.2
March	650.9	105.6	13.7	151.2	133.5	134.5	64.9	47.5
April	652.1	105.8	13.9	150.7	135.3	134.4	64.9	47.1
May	654.0	106.6	13.9	151.1	135.8	134.5	65.0	47.1
June	660.2	108.4	13.9	153.0	137.8	134.3	65.4	47.4
July	664.1	110.2	13.6	153.6	138.1	134.8	65.9	47.9
August	667.2	109.2	13.7	154.5	139.9	135.3	66.2	48.4
September	667.7	108.4	13.4	154.5	141.4	135.4	66.2	48.4
October	669.8	108.8	13.4	154.8	142.8	135.7	65.9	48.4
November	667.9	108.6	13.4	155.3	144.7	131.0	66.2	48.7
December	671.8	107.9	13.4	156.4	146.6	132.0	66.7	48.8

[a] Data from 1960 through 1971 calculated using aerospace categories as defined by 1972 SIC codes. Data from 1972 through 1980 represent the official benchmarked aerospace series based upon the 1972 SIC codes.

Source: California Employment Development Department.

TABLE 9

AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER WEEK, PRODUCTION AND RELATED WORKERS IN MANUFACTURING, CALIFORNIA AND UNITED STATES, 1960–83[a]

Year	California			United States		
	Average weekly earnings	Average hourly earnings	Average hours per week	Average weekly earnings	Average hourly earnings	Average hours per week
1960	$104.28	$2.62	39.8	$89.72	$2.26	39.7
1961	108.53	2.72	39.9	92.34	2.32	39.8
1962	112.44	2.79	40.3	96.15	2.38	40.4
1963	115.78	2.88	40.2	99.22	2.45	40.5
1964	119.29	2.96	40.3	102.97	2.53	40.7
1965	123.83	3.05	40.6	107.53	2.61	41.2
1966	128.93	3.16	40.8	112.34	2.72	41.3
1967	132.92	3.29	40.4	114.49	2.82	40.6
1968	138.63	3.44	40.3	122.51	3.01	40.7
1969	145.89	3.62	40.3	129.51	3.19	40.6
1970	150.48	3.80	39.6	133.33	3.35	39.8
1971	158.79	4.02	39.5	142.44	3.57	39.9
1972	170.43	4.25	40.1	154.71	3.82	40.5
1973	178.93	4.44	40.3	166.46	4.08	40.7
1974	188.97	4.76	39.7	177.20	4.43	40.0
1975	205.67	5.22	39.4	190.30	4.83	39.4
1976	221.92	5.59	39.7	208.80	5.22	40.0
1977	240.60	6.00	40.1	228.50	5.67	40.3
1978	257.84	6.43	40.1	249.27	6.17	40.4
1979	280.50	7.03	39.9	269.54	6.70	40.2
1980	304.15	7.70	39.5	288.62	7.27	39.7
1981	338.98	8.56	39.6	318.00	7.99	39.8
1982	362.21	9.24	39.2	330.65	8.50	38.9
1983	380.80	9.52	40.0	354.48	8.84	40.1

[a] Averages are based upon data for full-time and part-time production and related workers in production and other departments, such as shipping, maintenance, and warehousing. Overtime pay and premium wages for late-shift work are included.

Source: California Employment Development Department; U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 10

AVERAGE WEEKLY AND HOURLY EARNINGS AND AVERAGE HOURS WORKED PER WEEK, IN SELECTED NONMANUFACTURING INDUSTRIES, CALIFORNIA, 1983 [a]

Industry	Average weekly earnings	Average hourly earnings	Average hours per week
Mineral extraction			
Oil and gas extraction	$541.36	$13.74	39.4
Nonmetallic minerals, except fuels	559.63	13.75	40.7
Contract construction			
General building contractors	664.60	18.41	36.1
Heavy construction contractors, except building	652.38	17.49	37.3
Special trade contractors			
Plumbing, heating, air conditioning	714.02	20.17	35.4
Painting, paper hanging, decorating	632.11	19.57	32.3
Electrical work	807.17	21.64	37.3
Masonry, stonework, and plastering	601.10	18.61	32.3
Transportation and utilities			
Electric, gas, and sanitary services	594.88	14.30	41.6
Trade			
Wholesale	399.11	10.26	38.9
Retail (excluding eating/drinking)	268.47	8.55	31.4
Services			
Motion picture production	694.94	18.24	38.1

[a] Averages are based upon data for full-time and part-time production and related workers in mineral extraction, construction workers in construction, and nonsupervisory employees and working supervisors in other industries. Overtime hours and pay and premium wages for late-shift work are included.

Source: California Employment Development Department.

TABLE 11

PERSONAL INCOME IN CALIFORNIA, TOTAL AND PER CAPITA, 1960–83

Year	Total			Per capita [a]		
	Amount (In millions)	Percent change	Percent of U.S.	Amount	Percent change	Percent of U.S. average
1960	$43,303	–	10.9	$2,729	–	123.1
1961	45,676	5.5	11.0	2,769	1.5	122.3
1962	49,122	7.5	11.2	2,877	3.9	121.4
1963	52,468	6.8	11.3	2,970	3.2	121.0
1964	56,772	8.2	11.5	3,128	5.3	120.7
1965	60,744	6.9	11.3	3,266	4.4	117.8
1966	65,882	8.5	11.3	3,494	7.0	117.2
1967	70,735	7.4	11.3	3,689	5.6	116.7
1968	77,330	9.5	11.3	3,987	8.1	116.2
1969	84,402	9.3	11.3	4,282	7.4	115.3
1970	90,295	7.0	11.2	4,510	5.3	114.3
1971	95,653	5.9	11.1	4,701	4.2	112.8
1972	104,191	8.9	11.0	5,062	7.7	112.1
1973	114,690	10.1	10.8	5,496	8.6	109.7
1974	128,142	11.7	11.0	6,052	10.1	111.1
1975	141,046	10.1	11.2	6,549	8.2	112.1
1976	156,940	11.3	11.3	7,155	9.3	112.4
1977	175,737	12.0	11.5	7,863	9.9	112.6
1978	200,658	14.2	11.6	8,786	11.7	113.0
1979	229,272	14.3	11.8	9,859	12.2	113.9
1980	259,578	13.2	12.0	10,920	10.8	114.9
1981	292,100	12.5	12.0	12,064	10.5	114.0
1982	310,704	6.4	12.1	12,567	4.2	113.1
1983 [b]	334,022	7.5	12.2	13,254	5.5	113.3

[a] Per capita figures derived using population estimates of the California Department of Finance.

[b] Estimated.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, and California Department of Finance.

TABLE 12

PERSONAL INCOME BY MAJOR SOURCES, CALIFORNIA, 1960–83

(In millions)

Year	Total Personal Income [a]	Wages and salaries	Other labor income	Proprietorship		Property income	Transfer payments	Less: Contributions for social insurance	Residence adjustment
				Farm	Other				
1960	$43,303	$29,048	$1,101	$899	$4,168	$6,195	$3,072	$1,085	–$95
1961	45,676	30,619	1,196	814	4,343	6,429	3,529	1,171	–84
1962	49,122	33,063	1,342	914	4,524	6,910	3,728	1,276	–82
1963	52,468	35,434	1,514	859	4,652	7,474	4,085	1,478	–72
1964	56,772	37,991	1,734	1,007	5,054	8,229	4,420	1,591	–72
1965	60,704	40,444	1,918	919	5,276	9,005	4,872	1,711	–19
1966	65,882	44,551	2,126	994	5,476	9,639	5,343	2,227	–20
1967	70,735	47,752	2,281	921	5,704	10,254	6,363	2,525	–18
1968	77,330	52,355	2,654	1,059	6,160	10,759	7,154	2,791	–20
1969	84,402	57,373	3,018	966	6,356	11,789	8,083	3,158	–26
1970	90,295	60,708	3,361	885	6,229	12,710	9,782	3,355	–24
1971	95,653	63,411	3,685	1,018	6,394	13,394	11,348	3,574	–22
1972	104,191	69,242	4,348	1,270	6,904	14,300	12,238	4,180	–22
1973	114,690	75,935	4,945	2,042	7,291	15,968	13,677	5,146	–21
1974	128,142	83,428	5,695	2,352	7,416	18,493	16,160	5,395	–8
1975	141,046	89,761	6,698	1,888	8,022	20,149	20,198	5,744	75
1976	156,940	99,259	7,963	1,919	9,521	22,312	22,409	6,571	127
1977	175,737	111,461	9,711	1,450	10,598	25,890	23,978	7,381	30
1978	200,658	127,442	11,349	2,062	11,439	30,930	25,880	8,464	20
1979	229,272	145,123	12,902	2,715	12,097	37,717	28,629	9,942	33
1980	259,578	162,944	14,633	3,328	11,024	44,462	33,612	10,462	37
1981	292,100	180,625	16,521	3,213	10,095	55,776	38,634	12,827	63
1982	310,704	191,280	18,242	2,371	9,824	59,985	42,857	13,900	46
1983 [b]	334,022	207,117	20,806	2,295	12,182	61,067	45,667	15,157	45

[a] Detail may not add to total because of rounding.
[b] Estimated.
Source: U.S. Department of Commerce, Bureau of Economic Analysis and California Department of Finance.

TABLE 13
DISPOSABLE PERSONAL INCOME, CALIFORNIA, 1960–82

	Disposable Personal Income		Per Capita Disposable Income	
	Amount (In millions)	Percent Change	Amount	Percent Change
1960	$37,637	4.8	$2,372	2.1
1961	39,669	5.4	2,405	1.4
1962	42,533	7.2	2,491	3.6
1963	45,396	6.7	2,569	3.1
1964	49,977	10.1	2,753	7.2
1965	53,454	7.0	2,876	4.5
1966	57,540	7.6	3,051	6.1
1967	61,431	6.8	3,204	5.0
1968	66,235	7.8	3,415	6.6
1969	71,498	7.9	3,627	6.2
1970	77,683	8.7	3,880	7.0
1971	83,118	7.0	4,085	5.3
1972	88,601	6.6	4,304	5.4
1973	98,559	11.2	4,723	9.7
1974	109,865	11.5	5,189	9.9
1975	122,346	11.4	5,681	9.5
1976	134,584	10.0	6,136	8.0
1977	149,632	11.2	6,695	9.1
1978	169,842	13.5	7,437	11.1
1979	193,140	13.7	8,305	11.7
1980	218,263	13.0	9,182	10.6
1981	245,860	12.6	10,154	10.6
1982	261,996	6.6	10,597	4.4

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 14

INDUSTRIAL SOURCES OF EARNINGS, CALIFORNIA AND UNITED STATES, 1980–82

(In percent)

Industry	California			United States		
	1980	1981	1982	1980	1981	1982
Total [a]	100.0	100.0	100.0	100.0	100.0	100.0
Farming	3.2	2.9	2.4	2.0	2.3	1.8
Mining	0.6	0.8	0.8	1.8	2.0	2.0
Construction	5.8	5.6	5.0	5.9	5.6	5.3
Manufacturing	22.2	22.4	22.4	25.8	25.6	24.4
Transportation, communication, and public utilities	7.1	7.3	7.3	7.8	7.8	7.9
Trade	16.5	16.4	16.3	16.4	16.2	16.3
Finance, insurance, real estate	6.4	6.3	6.5	5.8	5.8	6.2
Services	20.1	20.5	21.2	17.6	17.9	18.7
Government	17.3	17.1	17.4	16.5	16.4	16.9
Other [b]	0.7	0.7	0.7	0.4	0.4	0.4

[a] Consists of wage and salary disbursements, other labor income and proprietors' income. Detail may not add to total due to rounding.

[b] Agricultural services, forestry, fisheries and other.

Source: Computed by California Department of Finance from data reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

TABLE 15

NUMBER OF PERSONAL INCOME TAX RETURNS, ADJUSTED GROSS INCOME, TAXABLE INCOME, AND TAX ASSESSED, 1960–81

(Income in thousands)

Income Year *	Number of returns	Adjusted gross income	Taxable income	Tax assessed
1960	4,239,099	$31,234,015	$13,337,516	$256,450,535
1961	4,454,831	33,581,594	14,624,977	290,676,930
1962	4,558,688	35,878,383	15,833,652	304,396,656
1963	4,851,770	38,835,003	17,382,196	338,006,936
1964	4,981,588	42,133,398	19,411,712	391,744,625
1965	5,167,529	45,234,006	21,088,900	432,886,449
1966	5,445,732	48,692,542	23,442,015	478,765,378
1967	5,449,456	52,827,614	43,252,693	947,644,969
1968	5,334,038	56,636,453	44,663,419	1,061,700,536
1969	5,586,849	60,874,377	47,983,889	1,088,914,303
1970	5,554,362	63,189,993	49,434,451	1,212,386,611
1971	5,690,817	67,784,603	52,618,643	1,132,505,000
1972	6,972,468	78,371,548	60,904,375	1,691,312,440
1973	7,490,292	85,533,832	66,863,680	1,536,631,957
1974	7,929,997	93,727,065	73,916,530	2,360,763,630
1975	8,124,290	101,597,846	80,476,280	2,758,812,903
1976	8,620,249	115,605,336	91,731,547	3,359,556,988
1977	8,989,797	132,780,576	105,756,245	4,224,600,738
1978	9,448,710	149,103,645	119,658,733	4,174,010,707
1979	10,190,263	169,787,242	136,691,944	5,973,284,386
1980	10,335,674	189,296,755	150,455,416	6,205,907,550
1981	10,661,919	209,941,951	165,129,794	6,774,150,000

* Changes in the Personal Income Tax Law effective with returns for the 1967 income year make prior year information not comparable.

Source: California Franchise Tax Board.

TABLE 16

PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1981 INCOME YEAR

County	All returns—taxable and nontaxable			Joint Returns		Tax Assessed (thousands)
	Number of Returns	Adjusted Gross Income (thousands)	Median Income	Number of Returns	Median Income	
Alameda	496,245	10,016,838	$15,891	198,821	$29,379	$316,534
Alpine	199	3,279	14,273	105	21,308	78
Amador	8,010	144,452	14,941	4,966	20,873	3,598
Butte	55,592	853,763	11,390	29,131	18,684	20,967
Calaveras	7,828	129,182	13,120	4,765	19,119	3,068
Colusa	5,214	102,371	13,365	2,974	19,822	3,789
Contra Costa	278,621	6,857,010	19,560	138,128	32,878	232,748
Del Norte	6,441	90,321	11,856	3,677	18,396	2,215
El Dorado	30,391	539,141	13,712	17,203	21,675	12,956
Fresno	195,654	3,413,857	12,630	99,432	21,262	99,488
Glenn	8,057	136,095	13,021	4,676	18,902	4,124
Humboldt	42,023	681,525	12,167	20,934	21,244	18,872
Imperial	31,622	487,073	11,296	18,411	15,630	12,963
Inyo	7,515	132,358	14,096	4,066	22,252	3,437
Kern	150,053	2,850,235	14,582	81,226	23,683	85,795
Kings	23,160	387,966	12,922	13,276	19,873	10,441
Lake	13,811	204,078	11,332	8,154	16,222	4,554
Lassen	7,102	114,338	13,490	4,255	19,944	2,586
Los Angeles	3,101,018	62,260,495	14,016	1,252,935	25,741	2,107,588
Madera	21,290	362,032	13,413	12,968	19,746	9,640
Marin	100,195	2,726,920	18,643	40,902	35,537	115,999
Mariposa	4,151	61,931	11,431	2,257	18,159	1,292
Mendocino	26,400	419,135	12,489	14,015	20,052	10,714
Merced	45,154	702,767	11,598	24,860	18,165	18,618
Modoc	2,889	35,836	10,936	1,753	16,487	955
Mono	3,714	62,199	12,098	1,482	22,541	1,619
Monterey	98,933	1,921,646	13,891	48,371	22,851	61,325
Napa	37,798	790,303	16,450	19,306	26,678	24,054
Nevada	20,392	361,288	13,736	11,825	20,360	8,979
Orange	838,386	18,987,100	16,706	390,360	29,945	614,446
Placer	50,672	964,045	14,806	28,232	24,336	24,414
Plumas	6,505	107,638	13,384	3,823	20,442	2,512
Riverside	249,309	4,618,466	13,872	135,076	21,965	127,173
Sacramento	335,933	6,226,425	14,394	154,635	25,624	176,565
San Benito	9,314	157,288	12,793	4,988	20,148	4,358
San Bernardino	315,969	5,908,259	15,050	170,411	24,354	147,831
San Diego	732,464	13,755,632	13,722	342,078	24,181	401,355
San Francisco	357,349	6,676,748	13,539	97,436	24,742	264,554
San Joaquin	137,073	2,329,889	12,924	68,902	22,600	64,284
San Luis Obispo	62,681	1,075,827	12,886	31,283	21,913	29,028

TABLE 16—Continued

PERSONAL INCOME TAX STATISTICS, BY COUNTY, 1981 INCOME YEAR

County	All returns—taxable and nontaxable			Joint Returns		Tax Assessed (thousands)
	Number of Returns	Adjusted Gross Income (thousands)	Median Income	Number of Returns	Median Income	
San Mateo	264,608	6,625,470	18,817	116,017	32,779	251,202
Santa Barbara	127,097	2,637,080	14,205	57,237	26,097	92,578
Santa Clara	583,450	13,423,935	17,917	255,270	31,993	454,654
Santa Cruz	79,225	1,452,095	13,327	35,124	23,989	41,729
Shasta	42,795	703,807	12,563	24,774	19,536	17,396
Sierra	1,146	17,535	12,579	671	18,657	401
Siskiyou	15,178	240,803	12,520	9,093	18,275	6,245
Solano	88,559	1,816,988	17,244	47,463	27,434	50,353
Sonoma	124,976	2,396,969	14,916	60,492	25,363	69,124
Stanislaus	102,518	1,745,380	12,798	54,139	21,044	48,774
Sutter	19,903	352,655	12,768	11,133	20,250	10,890
Tehama	13,068	191,444	12,044	7,725	17,800	4,525
Trinity	3,793	56,876	12,032	2,399	17,103	1,200
Tulare	78,679	1,255,240	11,895	44,906	18,112	32,645
Tuolumne	13,471	218,474	12,863	7,777	19,221	5,091
Ventura	204,869	4,404,376	16,730	108,290	27,856	126,684
Yolo	45,903	818,275	12,426	20,910	24,025	25,505
Yuba	16,069	220,008	10,347	8,901	15,960	4,759
Unallocated [1]	140,796	2,312,716	11,513	57,068	20,949	61,898
Resident Out-of-State [2]	92,255	2,460,224	14,998	39,333	25,892	118,472
Nonresident	172,981	1,809,274	6,604	94,080	8,916	60,616
Totals:						
58 Counties	9,750,434	$196,233,161	–	4,384,419	–	$6,299,271
All	10,156,466	$202,815,375	$14,518	4,574,900	$25,523	$6,540,257

[1] Unable to determine county of residence from tax returns.
[2] Resident returns filed with out-of-state address.

TABLE 17
CONSUMER PRICE INDEX, UNITED STATES, CALIFORNIA, LOS ANGELES, SAN FRANCISCO, AND SAN DIEGO, 1960–83

(1967=100)

Year and month	United States	California[b]	Los Angeles-Long Beach[c]	San Francisco-Oakland[d]	San Diego[e]
Urban Wage Earners and Clerical Workers (Old Series)					
1960	88.7	88.2	88.5	87.9	....
1961	89.6	89.3	89.6	88.9	....
1962	90.6	90.5	90.6	90.3	....
1963	91.7	91.9	92.0	91.5	....
1964	92.9	93.5	93.7	92.9	....
1965	94.5	95.4	95.7	94.7	95.2
1966	97.2	97.3	97.5	97.1	97.1
1967	100.0	100.0	100.0	100.0	100.0
1968	104.2	104.1	103.9	104.5	104.1
1969	109.8	109.3	108.8	110.2	109.5
1970	116.3	114.9	114.3	115.8	115.3
1971	121.3	119.1	118.5	120.1	119.8
1972	125.3	123.1	122.3	124.3	124.4
1973	133.1	130.2	129.2	131.5	132.5
1974	147.7	143.5	142.5	144.4	147.2
1975	161.2	158.5	157.6	159.1	160.8
1976	170.5	168.2	168.0	168.0	170.7
1977	181.5	180.2	179.6	180.8	180.9
All Urban Consumers					
1978	195.4	194.8	192.8	197.8	200.1
1979	217.4	215.9	213.7	214.6	233.1
1980	246.8	249.4	247.3	247.3	268.5
1981	272.4	276.6	271.4	279.0	304.6
1982	289.1	294.5	287.6	300.0	325.3
1983	297.4	296.9	293.5	298.9	319.2
Revised Urban Wage Earners and Clerical Workers					
1978	195.3	194.3	192.5	197.4	199.5
1979	217.7	216.2	215.1	214.7	230.4
1980	247.0	250.6	250.2	247.2	264.6
1981	272.3	277.9	275.0	278.8	299.3
1982	288.6	295.4	291.1	298.9	320.4
1983	298.4	299.3	292.7	302.5	334.6

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[a] A new Consumer Price Index for All Urban Consumers and a revised CPI for Urban Wage Earners and Clerical Workers were introduced January 1978. These series tie to the historical unrevised Urban Wage Earners and Clerical Workers CPI.

[b] Computed by the Department of Industrial Relations, Division of Labor Statistics and Research, as a weighted average of the indexes for the Los Angeles-Long Beach, San Francisco-Oakland, and San Diego metropolitan areas.

[c] Los Angeles and Orange Counties.

[d] Alameda, Contra Costa, Marin, San Francisco, San Mateo and Solano Counties.

[e] San Diego County.

Source: U.S. Department of Labor, Bureau of Labor Statistics and California Department of Industrial Relations.

TABLE 18

CALIFORNIA CASH FARM RECEIPTS, PRODUCTION EXPENSES, AND INCOME, 1960–82

(In millions of dollars)

Year	Cash receipts[a]	Production expenses	Net money income	Non-money income[b]	Realized net income[c]
1960	3,271.1	2,475.5	795.6	134.2	929.9
1961	3,317.0	2,577.0	740.0	145.6	885.6
1962	3,484.8	2,758.2	726.6	143.0	869.5
1963	3,582.6	2,820.7	761.9	145.8	907.6
1964	3,747.4	2,841.8	905.6	148.9	1,054.4
1965	3,803.1	3,043.1	760.0	154.2	914.1
1966	4,187.6	3,211.8	975.8	155.5	1,131.3
1967	4,095.9	3,296.9	799.0	150.1	949.1
1968	4,452.3	3,474.4	977.9	151.0	1,128.9
1969	4,656.3	3,660.9	995.4	154.1	1,149.4
1970	4,871.0	3,828.3	1,042.7	152.3	1,026.3
1971	5,190.4	4,192.7	997.7	160.6	1,019.0
1972	5,872.5	4,324.3	1,548.1	171.3	1,563.0
1973	7,598.4	5,197.0	2,401.3	192.0	2,561.7
1974	8,902.4	6,197.4	2,705.0	222.6	2,867.2
1975	8,848.7	6,599.1	2,249.6	265.1	2,330.3
1976	9,493.9	7,231.4	2,262.5	290.9	2,237.1
1977	9,917.3	7,584.2	2,333.2	295.4	2,338.9
1978	11,078.1	8,141.7	2,936.4	337.0	3,102.2
1979	13,559.3	9,712.1	3,847.2	427.6	4,028.6
1980	14,687.7	10,595.9	4,091.8	531.1	4,349.1
1981	14,875.9	11,373.6	3,502.3	630.6	4,250.0
1982	15,363.6	11,979.4	3,384.3	724.1	3,009.6

[a] Receipts from marketings plus government payments and other farm income.
[b] Value of home consumption and gross rental value of farm dwellings.
[c] Net money income plus non-money income—details may not add due to rounding.
Source: California Department of Food and Agriculture.

TABLE 19

CALIFORNIA CASH FARM RECEIPTS, ALL CROPS, LIVESTOCK AND POULTRY, MISCELLANEOUS, AND GOVERNMENT PAYMENTS, 1960–82

(In millions of dollars)

Year	Total [a]	All crops [b]	Livestock and poultry	Miscellaneous	Government payments
1960	3,244	1,864	1,246	112	22
1961	3,291	1,866	1,278	119	28
1962	3,457	1,949	1,344	132	32
1963	3,552	2,031	1,350	139	32
1964	3,712	2,204	1,309	165	34
1965	3,763	2,125	1,427	170	41
1966	4,146	2,295	1,565	182	104
1967	4,048	2,186	1,564	188	110
1968	4,401	2,483	1,621	196	101
1969	4,602	2,494	1,768	217	123
1970	4,665	2,484	1,815	234	132
1971	4,969	2,734	1,876	246	113
1972	5,638	3,139	2,086	291	122
1973	7,328	4,294	2,563	365	106
1974	8,600	5,375	2,786	421	18
1975	8,490	5,204	2,800	470	16
1976	9,109	5,624	2,923	549	13
1977	9,517	5,907	2,947	588	75
1978	10,632	6,530	3,381	665	57
1979	12,993	7,900	4,227	805	61
1980	14,016	9,007	4,089	906	14
1981	14,071	8,882	4,226	940	23
1982	14,455	8,999	4,381	941	135

[a] Receipts from marketings plus government payments.

[b] Miscellaneous, primarily ornamentals, not included.

Source: California Department of Food and Agriculture.

TABLE 20

CALIFORNIA CASH FARM RECEIPTS FROM CROPS, 1960–82

(In millions of dollars)

Year	All crops [a]	Fruit and nut	Vegetables	Field crops
1960	1,864	586	448	830
1961	1,866	587	475	804
1962	1,949	601	522	826
1963	2,031	647	505	879
1964	2,204	724	563	917
1965	2,125	631	594	900
1966	2,295	712	690	893
1967	2,186	666	713	807
1968	2,483	786	855	842
1969	2,494	848	782	864
1970	2,484	824	771	889
1971	2,734	935	915	884
1972	3,139	1,018	1,050	1,071
1973	4,294	1,554	1,191	1,549
1974	5,375	1,503	1,490	2,382
1975	5,204	1,507	1,633	2,064
1976	5,624	1,608	1,589	2,427
1977	5,907	2,017	1,889	2,001
1978	6,530	2,405	2,022	2,103
1979	7,900	2,978	2,265	2,657
1980	9,007	3,059	2,527	3,421
1981	8,882	2,917	2,837	3,128
1982	8,999	2,998	2,734	3,267

[a] Miscellaneous, primarily ornamentals, not included.

Source: California Department of Food and Agriculture.

Table 21

AGRICULTURAL EMPLOYMENT IN CALIFORNIA, 1972–83

Year		Total Wage and Salary Employment	Agricultural Production	Agricultural Services *
1972		268.1	208.3	59.8
1973		288.9	222.4	66.6
1974		308.1	236.9	71.2
1975		315.7	243.7	72.0
1976		323.5	248.2	75.3
1977		314.7	241.7	72.9
1978		323.9	245.1	78.9
1979		338.6	253.6	85.0
1980		352.3	261.9	90.3
1981		354.4	258.6	95.8
1982		355.0	259.3	95.7
1983		353.8	252.9	100.9
1983	January	283.3	208.9	74.4
	February	262.4	192.8	69.6
	March	269.5	197.3	72.2
	April	311.9	226.6	85.3
	May	359.7	256.4	103.3
	June	419.5	293.9	125.6
	July	410.1	290.1	120.0
	August	416.0	295.0	121.0
	September	480.1	342.1	138.0
	October	401.0	283.0	118.0
	November	318.0	226.0	92.0
	December	314.2	222.7	91.5

* Agricultural services includes forestry and fishing, but excludes veterinary, other animal, and landscape and horticultural services.

Source: California Employment Development Department (Official U.S. Bureau of Labor Statistics series. The text portion of the report uses the interim series prepared by EDD.)

TABLE 22
CORPORATE PROFITS FROM CALIFORNIA OPERATIONS, 1960–1981

Year[b]	Number of corporations[a]				Net profits (in millions)		
	Total	With net income	With net loss	No income or loss	Total	Net income[c]	Net loss[d]
1960	101,081	56,987	28,843	15,351	$3,517	$4,182	$−665
1961	105,645	59,746	31,802	14,097	3,718	4,509	−792
1962	110,294	63,400	31,954	14,940	3,970	4,754	−784
1963	114,667	66,496	33,667	14,504	4,283	5,092	−809
1964	118,860	69,555	34,254	15,051	4,626	5,526	−900
1965	122,399	71,484	35,625	15,290	5,126	6,007	−881
1966	124,690	73,076	35,664	15,950	5,643	6,638	−995
1967	125,677	73,433	38,188	14,056	5,252	6,456	−1,203
1968	128,505	77,238	36,754	14,513	6,003	7,255	−1,251
1969	136,695	80,348	38,627	17,720	5,643	7,477	−1,834
1970	145,352	81,340	44,318	19,694	4,386	6,711	−2,326
1971	151,216	83,664	47,621	19,931	4,804	7,249	−2,445
1972	158,932	91,055	47,214	20,663	6,465	8,561	−2,096
1973	165,676	97,377	46,937	21,362	7,911	10,208	−2,296
1974	172,185	102,680	49,962	19,543	8,978	11,734	−2,757
1975	177,665	106,213	53,965	17,487	8,362	11,672	−3,309
1976	184,326	113,614	54,249	16,463	11,916	14,808	−2,892
1977	200,393	124,175	57,949	18,269	14,941	17,830	−2,889
1978	221,527	138,495	63,725	19,307	18,728	21,974	−3,246
1979	248,188	154,468	72,343	21,377	20,735	24,826	−4,091
1980	275,493	165,183	86,482	23,828	20,654	25,825	−5,171
1981	299,215	172,122	101,398	25,695	16,367	24,214	−7,847

[a] Includes a slight amount of duplication as a result of mergers, consolidations, changes in corporate names and changes of income year which necessitated filing more than one state franchise tax return during the year. In 1981 this duplication amounted to approximately 206 corporations, or 0.5 percent of the total.

[b] Includes corporations with fiscal years ending in the calendar year shown.

[c] Net profits of all corporations reporting net income.

[d] Net profits of all corporations reporting net loss.

Source: California Franchise Tax Board.

TABLE 23

BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME SUBJECT TO STATE TAXATION, BY INDUSTRY, 1980 AND 1981

(Income in thousands)

	1980				1981			
	Corporations reporting net income subject to state taxation		All reporting corporations		Corporations reporting net income subject to state taxation		All reporting corporations	
Industry	Number	Net income	Number	Net income less net loss	Number	Net income	Number	Net income less net loss
Agriculture, forestry, and fishery	3,855	$365,487	6,488	$179,219	3,987	$367,868	7,001	$121,594
Mining	715	3,173,308	1,466	3,000,743	697	2,614,111	1,705	2,373,265
Crude petroleum and natural gas production	495	3,081,205	910	2,938,475	508	2,525,468	1,108	2,337,795
Other mining and quarrying	220	92,103	556	62,268	189	88,643	597	35,470
Construction	14,758	1,166,168	24,099	891,591	13,851	1,023,608	25,137	653,789
Manufacturing	20,210	8,270,760	30,843	6,916,343	20,534	7,933,661	32,797	6,218,861
Beverages, food, and kindred products	1,162	896,202	1,817	791,776	1,165	1,005,883	1,894	885,906
Textile-mill products	167	55,196	273	42,494	185	49,205	289	30,174
Apparel and products made from fabric	1,121	207,537	1,877	154,075	1,159	213,080	1,896	172,297
Wood products, except furniture	780	229,250	1,218	186,163	696	135,691	1,235	45,798
Furniture and fixtures	667	86,682	1,024	52,601	637	92,488	1,039	66,412
Paper and allied products	259	135,613	329	129,354	262	127,342	360	101,290
Printing, publishing, and allied industries	2,299	479,220	3,639	404,940	2,390	473,462	3,880	343,589
Chemicals and allied products	1,507	793,077	2,247	734,867	1,493	881,298	2,290	798,711
Petroleum and coal products	81	117,346	125	85,903	72	49,672	141	−22,157
Rubber products	259	45,681	391	29,218	230	58,632	355	46,500
Stone, clay, and glass products	527	198,124	776	181,912	520	157,356	811	127,218
Primary metals	329	576,426	425	542,241	312	237,717	425	212,511
Electrical machinery and equipment	2,048	1,970,253	3,315	1,770,304	2,167	1,852,093	3,635	1,443,954
Transportation equipment	755	554,163	1,346	205,409	812	667,897	1,466	477,238
Other equipment	2,264	464,619	2,991	394,801	2,305	544,600	3,273	470,584
Precision equipment	536	364,327	826	317,879	536	294,975	906	241,800
Other fabricated metal products	3,519	798,421	4,758	703,206	3,482	729,801	5,057	602,651
Other manufacturing	1,930	298,623	3,466	189,200	2,111	362,469	3,845	174,385

TABLE 23—Continued

BANK AND CORPORATION FRANCHISE TAX RETURNS REPORTING NET INCOME SUBJECT TO STATE TAXATION, BY INDUSTRY, 1980 AND 1981

(Income in thousands)

Industry	1980				1981			
	Corporations reporting net income subject to state taxation		All reporting corporations		Corporations reporting net income subject to state taxation		All reporting corporations	
	Number	Net income	Number	Net income less net loss	Number	Net income	Number	Net income less net loss
Services	53,306	2,162,303	89,829	1,346,867	61,287	2,381,068	102,791	1,229,843
Motion picture production	2,429	275,096	4,421	220,275	2,750	191,298	5,095	88,507
Amusement services	2,572	135,207	5,028	51,825	2,578	213,652	5,135	113,777
Personal services	1,717	81,367	2,767	62,904	1,721	86,141	2,911	62,326
Business services	16,345	805,506	28,853	430,015	18,047	837,380	33,187	280,866
Professional services	17,946	230,180	24,460	175,361	21,045	255,261	29,030	183,559
Other services	12,297	634,947	24,300	406,487	15,146	797,336	27,433	500,808
Trade	43,319	5,160,461	68,902	3,832,369	43,051	4,904,480	71,827	3,262,852
Retail trade	24,595	2,356,737	39,868	1,700,897	24,798	2,320,844	42,031	1,553,450
Wholesale trade	18,724	2,803,724	29,034	2,131,472	18,253	2,583,636	29,796	1,709,402
Finance, insurance, and real estate	25,276	3,378,175	46,759	2,540,710	24,953	3,033,952	50,470	836,588
Banks	290	1,087,753	394	1,071,638	285	1,004,911	445	931,215
Savings and loan associations	82	106,966	170	32,697	28	16,989	163	−609,276
Other financials	535	191,815	980	144,459	470	161,543	920	−18,106
Real estate companies	18,998	1,438,471	35,569	957,452	18,452	1,270,765	37,847	493,894
Investment and insurance companies	5,371	553,170	9,646	334,464	5,718	579,744	11,095	38,861
Utilities	3,744	2,148,743	7,107	1,946,393	3,762	1,955,165	7,487	1,670,345
Transportation	2,611	360,462	4,373	201,539	2,564	389,130	4,567	177,917
Communications	79	649,963	125	646,459	86	833,814	118	832,683
Radio and television industries	220	163,070	470	138,895	219	163,882	553	113,242
Electric and gas utilities	18	874,828	33	874,208	14	439,251	36	438,339
Other public utilities	816	100,420	2,106	85,292	879	129,088	2,213	108,164
Totals	165,183	$25,825,405	275,493	$20,654,235	172,122	$24,213,913	299,215	$16,367,137

Source: California Franchise Tax Board.

TABLE 24

CALIFORNIA BUILDING PERMIT ACTIVITY: NONRESIDENTIAL VALUATION BY SELECTED TYPES OF CONSTRUCTION, 1963–83

(In thousands of dollars)

Year	Commercial	Industrial	Other	Additions and alterations	Total [b]
1963	734,878	198,932	708,507	280,024	1,922,338
1964	749,998	184,849	805,450	261,023	2,001,319
1965	845,483	207,851	656,464	286,494	1,996,291
1966	830,002	255,348	706,454	307,764	2,099,565
1967	728,519	283,612	601,313	268,145	1,881,590
1968	869,435	367,027	651,450	271,259	2,159,169
1969	1,016,925	395,697	666,768	452,097	2,531,490
1970	1,089,054	288,077	674,969	491,669	2,543,764
1971	1,401,364	326,049	978,580	263,473	2,969,469
1972	1,437,511	464,702	865,306	281,118	3,048,634
1973	1,349,105	717,549	826,827	337,156	3,230,637
1974	1,260,018	736,532	902,675	359,502	3,258,723
1975	1,296,132	491,032	952,261	366,794	3,106,221
1976	1,327,749	629,515	1,067,335	443,049	3,467,649
1977	1,890,490	1,093,685	1,229,912	498,550	4,712,638
1978	2,477,474	1,556,132	1,318,666	605,994	5,958,265
1979	3,377,018	1,812,478	1,383,480	721,924	7,294,901
1980 [a]	3,274,076	1,276,735	1,202,940	1,716,358	7,470,108
1981	4,034,262	1,484,011	1,308,224	2,079,348	8,905,845
1982	4,159,933	1,045,014	1,398,106	2,095,323	8,698,376
1983	4,456,664	1,312,568	1,478,114	2,663,477	9,910,803

[a] Prior to 1980 all additions and alterations of $100,000 or over were recorded as new construction in either the commercial, industrial or other category.

[b] Parts may not add to total due to rounding.

Source: Security Pacific National Bank.

TABLE 25

PRIVATE RESIDENTIAL HOUSING UNITS AUTHORIZED BY PERMITS, CALIFORNIA, 1963–83

Year	Single	Multiple	Total	Additions and alterations	Total Residential Valuation (Thousands)
1963	131,546	190,472	322,018	146,327	$4,066,051
1964	112,977	155,430	268,407	154,232	3,741,732
1965	95,156	82,426	177,582	151,115	2,909,753
1966	65,406	33,969	99,375	152,353	1,925,814
1967	68,418	43,581	111,999	150,606	2,107,602
1968	86,957	73,022	159,979	144,985	2,838,426
1969	80,134	104,211	184,345	141,269	3,148,475
1970	71,344	124,348	195,692	137,217	3,177,190
1971	113,260	143,729	256,989	148,697	4,529,124
1972	124,064	155,606	279,670	148,365	5,389,521
1973	102,571	113,508	216,079	157,021	4,883,168
1974	76,204	53,025	129,229	173,070	3,687,321
1975	89,823	41,909	131,732	185,232	4,540,859
1976	140,293	81,647	221,940	200,312	8,023,474
1977	174,874	95,766	270,640	215,430	10,494,411
1978	141,537	102,268	243,805	216,343	10,603,698
1979	127,499	82,577	210,078	203,871	10,791,259
1980	86,632	58,355	144,987	190,764	9,097,792
1981	59,973	44,900	104,873	171,269	7,520,136
1982	49,700	34,318	84,018	153,073	6,154,276
1983	99,299	69,059	168,358	179,359	11,511,060

Source: Security Pacific National Bank.

TABLE 26

TAXABLE TRANSACTIONS IN CALIFORNIA AND OUTSTANDING SALES TAX PERMITS, BY TYPE OF OUTLET, 1960–83

Calendar Year	TAXABLE TRANSACTIONS		SALES TAX PERMITS OUTSTANDING[a]			
	All Outlets (In millions)	Retail Stores (In millions)	Total	Retail[b] Stores	Personal Service Shops	Other[c]
1960	$23,361	$15,645	346,706	150,512	58,997	137,197
1961	23,987	16,077	351,540	148,899	59,516	143,125
1962	25,969	17,522	355,403	151,769	57,591	146,043
1963	27,892	18,893	362,614	154,517	57,105	150,992
1964	30,265	20,550	372,387	157,344	56,749	158,294
1965	31,908	21,516	381,203	161,109	56,002	164,092
1966	34,236	22,624	389,867	163,087	55,326	171,454
1967	35,122	23,512	392,705	163,821	54,624	174,260
1968	39,007	26,168	401,980	165,285	54,993	181,702
1969	42,378	28,254	411,375	167,887	55,066	188,422
1970	43,223	28,699	426,766	171,094	56,173	199,499
1971	46,815	31,496	440,935	173,343	57,359	210,233
1972	53,714	36,518	459,616	177,261	58,815	233,540
1973	61,738	42,119	474,733	180,330	59,943	234,460
1974	68,071	45,797	492,937	182,570	60,918	249,449
1975	73,476	49,800	520,499	187,399	62,951	270,149
1976	83,822	57,343	552,162	193,925	65,868	292,369
1977	99,482	67,491	583,701	200,452	69,271	313,981
1978	113,468	76,366	611,397	206,951	72,003	332,443
1979	131,678	87,270	642,152	212,804	75,185	354,163
1980	142,759	94,211	673,679	218,945	78,272	376,462
1981	155,127	101,666	698,080	223,201	79,952	394,927
1982	154,553	102,009	740,577	230,023	83,223	427,331
1983	n.a.	n.a.	764,815	233,522	85,697	445,596

[a] Permits as of July 1.

[b] Exclusive of itinerant and mail-order vendors.

[c] Consists of manufacturing, wholesaling, contracting, and miscellaneous outlets and itinerant and mail-order vendors.

Source: California State Board of Equalization.

TABLE 27

TAXABLE TRANSACTIONS IN CALIFORNIA BY TYPE OF BUSINESS

1977–82

(Amounts in millions)

	1977	1978	1979	1980	1981	1982
Total, all outlets	$99,482	$113,468	$131,678	$142,759	$155,127	154,553
Retail stores	67,491	76,366	87,270	94,211	101,666	102,009
Apparel stores	3,398	3,871	4,327	4,678	5,342	5,318
General merchandise and drug stores[a]	11,326	12,527	13,702	14,638	16,111	16,496
Specialty stores	5,934	6,876	8,062	9,178	10,276	11,214
Grocery stores[b]	5,767	6,499	7,556	8,530	9,545	10,302
Liquor stores	1,623	1,743	1,888	1,985	2,060	1,984
Eating and drinking places	7,842	9,108	10,333	11,324	12,614	13,338
Home furnishings and appliance stores	3,232	3,718	4,293	4,348	4,667	4,721
Farm and garden	1,445	1,719	2,124	2,261	2,361	2,115
Building materials	4,530	5,303	6,216	6,131	5,759	5,365
New car dealers	9,999	11,702	11,991	10,973	12,233	12,722
Automotive group[c]	12,394	13,300	16,779	20,165	20,697	18,433
Other						
Business and personal services	3,564	4,075	4,748	5,210	5,833	6,025
All other outlets	28,427	33,027	39,660	43,338	47,627	46,519

[a] Excludes exempt sales of prescription medicines.

[b] Excludes exempt sales of food for home consumption.

[c] Excludes new car dealers.

Source: California Board of Equalization.

TABLE 28

DEMAND AND TIME DEPOSITS, ALL INSURED COMMERCIAL BANKS, CALIFORNIA, 1960–82

(Amounts in millions)

Year*	Demand Deposits	Time and Savings Deposits
1960	12,954	11,385
1961	14,232	12,851
1962	14,426	14,593
1963	14,939	16,042
1964	15,683	17,983
1965	15,232	20,109
1966	15,671	21,614
1967	17,492	23,762
1968	19,003	26,418
1969	19,989	23,513
1970	20,713	28,636
1971	22,463	33,699
1972	26,607	37,461
1973	28,060	42,739
1974	27,916	51,268
1975	30,682	54,635
1976	32,119	56,775
1977	37,516	63,494
1978	40,897	72,462
1979	44,951	77,008
1980	44,976	92,361
1981	42,675	109,633
1982	40,430	124,730

*As of December call reports, not seasonally adjusted.
Source: Federal Reserve Bank of San Francisco.

TABLE 29

GROSS LOANS BY MAJOR CATEGORIES, ALL INSURED COMMERCIAL BANKS, CALIFORNIA, 1960–82

(Amounts in millions)

Year*	Real estate loans	Commercial and industrial loans	Agricultural loans	Loans to individuals	Other	Total
1960	5,181	4,762	509	2,648	1,223	14,323
1961	5,358	5,122	592	2,769	1,313	15,154
1962	6,153	5,668	636	3,151	1,697	17,305
1963	7,027	6,009	716	3,634	2,376	19,762
1964	7,512	7,081	659	4,208	2,594	22,056
1965	7,974	8,284	748	4,686	2,661	24,353
1966	8,268	9,318	776	4,924	2,665	25,951
1967	8,485	10,112	803	5,126	2,697	27,223
1968	9,230	11,631	823	5,793	3,447	30,924
1969	9,545	12,276	866	6,045	3,706	32,439
1970	9,592	12,965	855	5,903	3,147	32,463
1971	10,871	13,682	990	6,659	4,193	36,395
1972	12,784	15,145	1,255	7,808	6,034	43,027
1973	15,607	18,831	1,559	8,846	7,056	51,899
1974	17,063	21,334	1,584	9,363	7,589	56,934
1975	16,724	20,156	1,614	10,023	7,121	55,637
1976	18,433	19,473	1,860	11,609	8,136	59,511
1977	23,648	21,635	2,019	14,637	8,470	70,409
1978	30,820	25,355	2,292	18,206	9,185	85,858
1979	39,088	30,260	2,655	22,080	8,741	102,824
1980	46,504	33,895	2,848	22,049	8,069	113,365
1981	52,291	39,502	3,345	21,982	11,780	128,900
1982	53,680	46,280	3,760	22,030	15,830	141,580

Note: Individual figures may not add to totals due to rounding.
*As of December call reports (domestic) except as noted.
Source: Federal Reserve Bank of San Francisco.

TABLE 30

LOANS AND SAVINGS CAPITAL, CALIFORNIA SAVINGS AND LOAN ASSOCIATIONS,[a] 1960–83

(In Millions)

Year	Mortgage Loans Closed During the Year	End of Year Mortgage Loans Outstanding	Yearend Savings Capital	Net New Savings During the Year [b]
1960	$2,955	$9,141	$8,885	N.A.
1961	4,147	11,241	10,778	N.A.
1962	5,590	13,941	13,339	N.A.
1963	7,691	17,677	16,536	N.A.
1964	7,137	20,529	19,300	N.A.
1965	5,825	22,176	20,993	N.A.
1966	2,953	22,477	21,215	$ −610
1967	3,641	23,558	23,469	1,360
1968	3,914	25,154	24,283	−122
1969	3,845	26,780	23,889	−1,395
1970	3,517	28,250	25,040	115
1971	6,576	31,907	30,054	3,776
1972	8,809	37,199	35,660	4,114
1973	7,735	41,113	37,836	476
1974	6,413	43,758	39,359	−349
1975	10,689	49,100	47,147	5,565
1976	17,903	58,553	57,102	7,218
1977	24,888	70,734	66,918	6,480
1978	24,391	80,765	74,896	4,180
1979	25,574	92,512	84,166	4,814
1980	16,074	98,196	89,693	106
1981	10,504	107,866	96,163 [c]	−5,815
1982	14,087	106,748	108,709 [c]	1,538
1983	42,695	128,169	147,831 [c]	29,183

[a] Insured (FSLIC) California savings institutions that are members of the Federal Home Loan Bank of San Francisco. For the periods covered by this table, these institutions have accounted for at least 99.5% of California savings institution assets. Since 1976 all California institutions are included.

[b] New savings received less withdrawals excludes interest credited to savings accounts.

[c] Includes data from branch offices outside of California.

Source: Federal Home Loan Bank of San Francisco.

TABLE 31
SELECTED DATA ON FEDERALLY CHARTERED CREDIT UNIONS IN CALIFORNIA, 1960–82[a]

(Dollar amounts in thousands)

Year[b]	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding
1960	1014	787,450	$383,723	$340,165	$313,245
1961	1056	852,214	441,302	393,828	347,402
1962	1081	927,654	511,824	453,316	409,969
1963	1106	1,015,808	601,294	533,445	473,297
1964	1128	1,102,380	699,250	618,385	550,150
1965	1142	1,192,932	785,707	693,993	636,454
1966	1185	1,309,746	861,285	753,300	718,046
1967	1209	1,407,640	946,456	834,393	768,772
1968	1225	1,492,051	1,055,097	923,136	883,881
1969	1255	1,585,602	1,191,712	1,034,749	1,024,828
1970	1249	1,181,164	1,360,754	1,181,164	1,109,716
1971	1225	1,746,653	1,626,494	1,436,952	1,267,686
1972	1232	1,871,287	1,928,350	1,715,276	1,471,791
1973	1239	2,045,500	2,272,202	1,987,138	1,758,048
1974	1230	2,282,543	2,737,187	2,367,268	2,106,113
1975	1208	2,445,115	3,403,739	2,994,889	2,498,064
1976	1189	2,683,441	4,185,397	3,668,616	3,150,913
1977	1164	2,995,904	5,374,256	4,613,661	4,119,205
1978	1143	3,421,378	6,374,125	5,408,209	5,110,916
1979	1108	3,682,794	6,616,630	5,737,523	4,994,833
1980	1057	3,968,900	6,950,809	6,286,440	4,410,825
1981	980	4,159,003	6,826,930	6,158,178	4,365,916
1982	906	4,446,793	7,275,638	6,631,732	4,420,910

[a] Regulated by the National Credit Union Administration.

[b] As of December 31st.

Source: California Department of Corporations.

TABLE 32

SELECTED DATA ON STATE CHARTERED CREDIT UNIONS IN CALIFORNIA, 1960–82

(Dollar amounts in thousands)

Year*	Number of credit unions	Number of members	Total assets	Shares	Total loans outstanding	Real estate loans outstanding
1960	568	573,548	$304,885	$263,793	$266,374	$41,676
1961	573	630,121	350,725	308,711	296,058	44,724
1962	578	675,287	396,343	343,890	340,125	47,736
1963	582	709,911	448,963	394,587	382,766	44,573
1964	597	788,816	513,302	449,214	437,040	53,971
1965	587	828,389	577,007	496,601	500,689	54,874
1966	623	889,636	639,154	549,351	568,782	64,561
1967	636	955,166	712,321	617,575	613,189	64,600
1968	626	1,006,190	795,758	684,727	696,891	83,837
1969	623	1,077,259	891,033	772,482	788,420	94,154
1970	631	1,139,372	998,764	868,721	858,839	101,161
1971	599	1,182,550	1,152,210	1,004,478	976,271	102,925
1972	590	1,248,463	1,330,711	1,160,215	1,105,569	110,489
1973	596	1,296,105	1,511,003	1,316,539	1,287,143	146,789
1974	591	1,312,193	1,615,949	1,420,664	1,396,985	185,955
1975	587	1,341,288	1,935,507	1,710,369	1,621,089	224,553
1976	576	1,503,437	2,232,994	2,057,351	1,991,402	297,474
1977	556	1,601,603	2,851,789	2,504,181	2,453,162	408,251
1978	534	1,678,279	3,261,776	2,842,131	2,903,915	607,752
1979	493	1,825,160	3,535,214	2,877,833	3,065,665	598,067
1980	478	1,973,513	3,798,533	3,189,679	2,977,642	615,902
1981	450	1,975,104	3,794,317	3,221,836	3,011,722	655,907
1982	417	1,921,032	3,788,929	3,351,392	2,710,921	607,421

* As of December 31st.

Source: California Department of Corporations. Report of State Chartered Credit Unions.

TABLE 33

SELECTED DATA ON FINANCE COMPANIES IN CALIFORNIA, 1971–82 [a]

(Dollar amounts in thousands)

Year [b]	Number of loans made	Total principal amount of loans made	Consumer loans under $10,000 and commercial loans under $5,000		Consumer loans of $10,000 or more and commercial loans of $5,000 or more
			Secured by personal property	Secured by personal property and real property	
1971	1,170,013	$1,897,472	$1,153,541	$54,150	$689,781
1972	1,210,311	1,973,792	1,268,113	62,418	643,261
1973	1,202,884	2,424,236	1,344,871	90,028	989,337
1974	1,024,276	2,403,516	1,212,864	111,590	1,079,062
1975	883,047	2,234,827	1,114,707	156,257	963,863
1976	995,459	2,756,599	1,287,307	212,665	1,256,627
1977	1,073,690	3,047,796	1,393,534	224,676	1,429,586
1978	1,141,163	3,562,541	1,530,849	189,625	1,842,064
1979	1,097,742	5,265,756	1,408,269	182,030	3,675,457
1980	644,632	3,925,512	857,357	187,819	2,880,336
1981	424,672	4,754,757	532,610	203,507	4,018,640
1982	372,192	4,034,562	556,396	125,110	3,353,056

[a] Finance companies are licensed under the Personal Property Brokers Law and/or the Consumer Finance Lender Law.

[b] Data refers to loans made during each year.

Source: California Department of Corporations, Annual Reports for California Consumer Finance Laws.

TABLE 34

SELECTED DATA ON INDUSTRIAL LOAN COMPANIES IN CALIFORNIA, 1971–82[a]

(Dollar amounts in thousands)

Year	Total asset[b]	Investment certificates[c]	Consumer loans		Commercial loans		Premium finance agencies	
			Number of loans made[c]	Principal amount of loans made[c]	Number of loans made[c]	Principal amount of loans made[c]	Number of loans made[c]	Principal amount of loans made[c]
1971	$456,632	$307,393	170,330	$328,597[d]	—	—	75,242	$66,540
1972	523,969	344,209	199,737	381,595[d]	—	—	78,681	75,623
1973	542,939	381,150	189,278	358,728[d]	—	—	79,893	80,971
1974	560,343	420,069	179,473	351,119	1,359	$17,987	81,645	86,655
1975	613,119	475,922	166,339	361,887	1,453	20,651	79,804	107,310
1976	687,399	537,212	202,104	428,453	25,467	106,897	19,057	43,303
1977	772,406	608,832	209,259	451,880	28,277	144,528	14,206	48,853
1978	875,928	678,918	209,884	509,688	30,320	175,828	17,849	63,160
1979	1,007,766	766,963	197,740	549,796	33,894	185,920	18,822	74,328
1980	1,120,406	857,038	155,747	448,205	39,367	231,007	22,521	85,678
1981	1,262,858	963,275	97,141	377,766	4,214	119,556	29,884	100,693
1982	1,630,687	1,266,241	114,501	513,202	4,020	165,059	22,964	101,072

[a] Industrial loan companies are licensed lenders who are exempt from the usury law and who make unsecured and secured loans. This schedule does not include mortgage bankers licensed under the Industrial Loan Law.

[b] As of December 31st. Total assets restated to include thrift companies, non-thrift companies and premium finance agencies.

[c] Data refers to loans made during each year.

[d] Includes commercial loans.

Source: California Department of Corporations, Annual Reports for California Consumer Finance Laws.

TABLE 35

SUMMARY OF STATE TAX COLLECTIONS, 1960–61 to 1984–85

(Excluding departmental, interest and miscellaneous revenue)

	State tax collections			Taxes per capita[a]			Taxes per $100 of personal income		
Fiscal year	General fund (thousands)	Special funds (thousands)	Total (thousands)	General fund	Special funds	Total	General fund	Special funds	Total
Cash Basis									
1960–61	$1,537,347	$656,815	$2,194,162	$96.91	$41.41	$138.32	$3.55	$1.52	$5.07
1961–62	1,645,300	669,267	2,314,567	100.25	40.78	141.03	3.60	1.47	5.07
1962–63	1,791,038	711,185	2,502,223	105.66	41.96	147.62	3.65	1.45	5.09
1963–64	2,057,962	813,937	2,871,900	117.40	46.43	163.83	3.92	1.55	5.47
1964–65	2,161,157	931,958	3,093,115	119.89	51.70	171.59	3.81	1.64	5.45
1965–66	2,398,958	971,625	3,370,582	129.93	52.62	182.55	3.95	1.60	5.55
1966–67	2,422,275	993,277	3,415,552	128.63	52.75	181.38	3.68	1.51	5.18
Accrual Basis[b]									
1966–67	2,746,888	1,091,387	3,838,275	145.87	57.96	203.83	4.17	1.66	5.83
1967–68	3,557,610	1,118,311	4,675,921	185.53	58.32	243.85	5.03	1.58	6.61
1968–69	3,962,520	1,210,229	5,172,748	203.92	62.27	266.19	5.12	1.57	6.69
1969–70	4,125,607	1,283,258	5,408,865	208.94	65.00	273.94	4.89	1.52	6.41
1970–71	4,290,263	1,308,350	5,598,613	214.10	65.29	279.39	4.75	1.45	6.20
1971–72	5,212,693	1,385,863	6,598,555	256.20	68.12	324.32	5.45	1.45	6.90
1972–73	5,758,266	1,470,905	7,229,171	279.73	71.46	351.19	5.53	1.41	6.94
1973–74	6,379,476	1,497,588	7,877,064	305.71	71.76	377.47	5.56	1.31	6.87
1974–75	8,045,039	1,529,459	9,574,497	379.96	72.24	452.20	6.28	1.19	7.47
1975–76	9,068,903	1,641,174	10,710,077	421.08	76.21	497.29	6.43	1.16	7.59
1976–77	10,780,867	1,744,013	12,524,880	491.49	79.51	571.00	6.87	1.11	7.98
1977–78	12,951,613	1,874,714	14,826,327	579.49	83.88	663.37	7.37	1.07	8.44
1978–79	14,187,549	2,013,879	16,201,427	621.20	88.17	709.37	7.07	1.00	8.07
1979–80	16,860,019	2,197,397	19,057,417	725.01	94.49	819.50	7.35	0.96	8.31
1980–81	17,808,092	2,191.849	19,999,941	749.15	92.21	841.36	6.86	0.84	7.70
1981–82	19,109,448	2,446,637	21,556,085	789.25	101.06	890.31	6.54	0.84	7.38
1982–83	19,578,803	2,796,214	22,375,017	794.99	113.53	908.52	6.30	0.90	7.20
1983–84[c]	21,875,250	3,328,360	25,203,610	872.97	132.86	1,005.83	6.59	1.00	7.59
1984–85[c]	24,982,300	3,461,225	28,443,525	980.42	135.86	1,116.28	6.86	0.95	7.81

[a] Taxes per capita computed on the basis of population January 1st, the midpoint of the fiscal year.

[b] Beginning in 1966–67 most state revenues were placed on an accrual basis. Beginning in 1973–74, accounts receivable only are accrued.

[c] Estimated.

Data may not add due to rounding.

Source: California Department of Finance.

TABLE 36

COMPARATIVE YIELD OF STATE TAXES, 1960–61 TO 1984–85

(In thousands)

Fiscal year	Sales and Use	Personal Income	Bank and Corporation[a]	Cigarette	Inheritance and Gift	Insurance	Distilled Spirits	Horse Racing	Beer and Wine	Motor Vehicle Fuel[b]	Motor Vehicle Fees[c]
Cash basis											
1960–61	711,702	269,103	272,718	66,024	76,803	66,745	41,274	37,260	9,704	350,801	264,842
1961–62	749,523	299,034	290,870	66,054	76,012	71,699	45,418	38,311	10,495	363,771	274,906
1962–63	813,465	322,012	311,251	70,194	92,432	77,970	48,152	41,663	10,659	386,215	298,356
1963–64	876,944	392,341	405,431	71,822	102,195	107,200	50,145	43,442	11,299	450,195	329,584
1964–65	939,649	410,109	416,247	74,477	114,464	95,199	53,915	47,560	12,422	542,822	353,607
1965–66	1,096,162	454,625	435,597	74,578	123,781	100,854	56,718	47,443	12,606	551,108	382,656
1966–67	1,053,249	500,086	453,292	75,597	114,413	107,186	59,564	49,311	13,751	548,287	405,061
Accrual basis[d]											
1966–67	1,190,750	626,697	453,292	78,191	141,899	131,226	64,733	49,311	14,964	643,698	405,061
1967–68	1,464,927	952,487	576,874	219,272	135,554	121,155	81,700	54,799	13,196	580,487	437,918
1968–69	1,652,979	1,101,691	592,303	237,328	158,815	130,312	85,494	59,839	14,118	625,667	469,655
1969–70	1,753,611	1,152,053	587,013	236,878	164,299	136,733	89,793	58,244	16,115	668,537	498,992
1970–71	1,808,052	1,264,383	532,091	239,721	185,699	158,423	90,765	64,601	15,791	674,635	513,201
1971–72	2,015,993	1,785,618	662,522	247,424	220,192	170,179	94,717	69,380	17,374	712,426	547,844
1972–73	2,198,523	1,884,058	866,117	253,602	260,119	179,674	96,907	72,693	17,977	746,196	596,922
1973–74	2,675,738	1,831,964	1,057,191	258,921	231,934	201,697	100,554	78,289	18,758	742,702	644,448
1974–75	3,376,153	2,581,584	1,253,673	261,975	242,627	202,991	100,856	86,637	19,893	752,234	664,453
1975–76	3,742,524	3,089,963	1,286,515	268,610	316,648	241,224	104,697	96,117	20,616	766,555	749,936
1976–77	4,313,909	3,761,356	1,641,500	269,384	367,964	322,476	105,275	102,702	22,210	810,321	807,782
1977–78	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	109,088	111,591	22,972	850,181	924,411
1978–79	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	114,922	113,253	25,137	896,591	1,021,857
1979–80	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	112,757	127,635	26,183	852,751	1,096,640
1980–81	7,131,429	6,628,694	2,730,624	278,161	530,180	460,926	115,191	129,779	27,669	839,995	1,127,293
1981–82	7,689,023	7,493,005	2,648,735	276,824	495,251	484,196	111,151	123,626	28,372	833,347	1,372,556
1982–83	7,795,488	7,712,691	2,536,011	271,621	517,875	736,929	108,519	123,398	27,690	928,633	1,624,736
1983–84[e]	8,734,032	8,950,000	3,240,000	265,000	227,500	442,000	107,750	136,828	29,500	1,174,000	1,897,000
1984–85[e]	9,733,000	9,860,000	4,290,000	257,000	186,500	615,000	106,100	133,825	30,700	1,097,000	2,134,400

[a] Includes the corporation income tax.

[b] Motor vehicle fuel tax (gasoline), use fuel tax (diesel and liquefied petroleum gas).

[c] Registration and weight fees, motor vehicle license fees and other fees.

[d] Beginning in 1966–67 most state revenues were placed on an accrual basis. Beginning with 1973–74, accounts receivable only are accrued.

[e] Estimated.

Source: California Department of Finance.

TABLE 37

ASSESSED VALUE OF TANGIBLE PROPERTY, TANGIBLE PROPERTY TAX LEVIES AND AVERAGE TAX RATE IN CALIFORNIA, 1960–61 TO 1983–84

Year	Assessed value[b]		Tax levies[a]		Average tax rate	
	Amount (in thousands)	Percent change from preceding year	Amount (in thousands)	Percent change from preceding year	Dollars per $100 assessed value	Percent change from preceding year
1960–61	29,600,832	7.9	2,195,588	10.3	7.42	2.2
1961–62	31,549,630	6.6	2,414,617	10.0	7.65	3.1
1962–63	33,326,914	5.6	2,606,131	7.9	7.82	2.2
1963–64	35,066,088	5.2	2,805,152	7.6	8.00	2.3
1964–65	36,743,364	4.8	3,057,579	9.0	8.32	4.0
1965–66	39,464,013	7.4	3,367,736	10.1	8.53	2.5
1966–67	42,522,365	7.7	3,758,481	11.7	8.84	3.6
1967–68	46,186,881	8.6	4,110,742	9.3	8.90	0.7
1968–69	48,653,400	5.3	4,569,986	11.2	9.39	5.5
1969–70	52,115,409	7.1	4,935,475	8.0	9.92	5.6
1970–71	55,580,735	6.6	5,721,672	15.9	10.86	9.4
1971–72	58,785,243	5.8	6,372,331	11.5	11.43	5.3
1972–73	62,790,656	6.8	6,819,609	7.0	11.44	0.1
1973–74	67,277,649	7.1	6,647,769	−2.5	11.15	−2.5
1974–75	74,298,823	10.4	7,383,411	11.0	11.24	0.8
1975–76	82,691,658	11.3	8,304,125	12.5	11.33	0.8
1976–77	93,716,623	13.3	9,376,391	12.9	11.20	−1.2
1977–78	106,694,452	13.8	10,276,725	9.7	10.68	−4.6
1978–79[c]	116,736,826	9.4	5,635,715	−45.2	5.37	−49.7
1979–80	132,820,831	13.8	5,661,081	0.4	4.69	−1.5
1980–81	144,739,438	17.9[d]	6,360,276	12.4	4.63	−1.3
1981–82	657,927,501[e]	13.6[e]	7,185,005	13.0	1.144	−1.2
1982–83	737,111,920	12.0	8,007,037	11.4	1.131	−1.1
1983–84	797,370,474	8.2	n.a.	n.a.	n.a.	n.a.

[a] Excludes reimbursements to local government for homeowners exemption and business inventory exemption.

[b] Includes the homeowners' exemption ($750 of assessed value from 1969–70 to 1972–73; $1,750 from 1973–74 to 1980–81; and $7,000 beginning in 1981–82). For 1983–84, the homeowners' exemption accounted for $29,563,873,000 of assessed value. The business inventory exemption (15% of assessed value in 1969–70; 30% during 1970–71 to 1972–73; 45% in 1973–74; and 50% from 1974–75 to 1979–80) was also included until 1980–81. Beginning in 1980–1981, business inventories became totally exempt and were no longer enrolled.

[c] The revised amount of taxes includes unsecured levies based on the 1977–78 tax rate on secured property. Some counties did not levy at these rates until a 1980 California Supreme Court decision clarified the proper 1978–79 tax rate applicable to unsecured property.

[d] Business inventories became totally exempt effective on the 1980–81 property tax rolls. The 1980–81 percent change from the preceding year was computed by excluding from the 1979–80 assessed value both the taxable and exempt value of business inventories.

[e] The ratio of assessed value to taxable value was changed to 100 percent (from 25 percent) beginning with the lien date for 1981–82. The percent change was computed "after factoring the 1980–81 valuations to 100 percent of value."

Source: California State Board of Equalization.

TABLE 38

ALLOCATIONS [a] OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE, BY COUNTY, 1982–83

(Tax allocations in thousands)

County	City	County [b]	School [b]	Other [c] District	Total [c]	Average Tax Rate Per $100 of Assessed Value [d]	
						1982–83	1981–82
Alameda	$81,361	$98,610	$96,505	$74,532	$351,008	1.273%	1.270%
Alpine	—	834	276	84	1,194	1.082	1.091
Amador	331	3,753	4,306	208	8,598	1.056	1.070
Butte	3,315	8,170	23,835	5,511	40,831	1.073	1.066
Calaveras	90	2,939	6,088	1,612	10,729	1.120	1.124
Colusa	417	3,665	5,216	880	10,178	1.045	1.050
Contra Costa	29,239	65,485	89,414	87,076	271,214	1.159	1.174
Del Norte	92	1,295	2,163	345	3,895	.996	.981
El Dorado	2,688	12,077	16,533	8,768	40,066	1.112	1.130
Fresno	21,183	49,821	73,354	22,020	166,378	1.106	1.106
Glenn	595	3,245	5,367	698	9,905	1.061	1.078
Humboldt	3,155	9,262	12,723	3,381	28,521	1.143	1.127
Imperial	3,131	6,970	10,685	1,133	21,919	1.080	1.092
Inyo	181	3,191	4,650	832	8,854	1.047	1.057
Kern	11,076	102,424	102,482	28,488	244,470	1.064	1.068
Kings	1,450	8,423	7,592	1,869	19,334	1.092	1.118
Lake	551	6,074	7,785	3,142	17,552	1.063	1.059
Lassen	282	1,626	3,869	407	6,184	1.146	1.109
Los Angeles	424,359	949,940	500,386	371,956	2,246,641	1.125	1.137
Madera	1,159	6,273	15,205	2,283	24,920	1.112	1.097
Marin	12,078	26,137	40,537	14,160	92,912	1.087	1.073
Mariposa	—	1,306	2,387	260	3,953	1.007	1.008
Mendocino	810	8,300	11,201	1,606	21,917	1.110	1.109
Merced	3,109	14,332	15,939	3,759	37,139	1.054	1.072
Modoc	139	1,530	2,198	278	4,145	1.039	1.045
Mono	—	4,200	3,351	2,932	10,483	1.066	1.093
Monterey	9,058	24,173	45,399	11,199	89,829	1.052	1.059
Napa	3,696	8,985	17,741	2,864	33,286	1.136	1.130
Nevada	712	6,530	11,916	4,852	24,010	1.092	1.126
Orange	96,590	138,040	411,612	142,944	789,186	1.160	1.195
Placer	2,514	14,992	25,147	9,327	51,980	1.105	1.119
Plumas	90	2,734	5,710	1,359	9,893	1.007	1.011
Riverside	20,815	66,077	103,433	53,744	244,069	1.163	1.171
Sacramento	22,901	71,944	66,063	42,500	203,408	1.121	1.197
San Benito	510	1,729	5,350	1,128	8,717	1.161	1.172
San Bernardino	27,033	72,922	97,099	75,860	272,914	1.211	1.215
San Diego	82,160	139,834	311,111	57,159	590,264	1.115	1.133
San Francisco	—	227,534	22,732	16,358	266,624	1.173	1.195
San Joaquin	12,699	37,287	34,732	13,876	98,594	1.084	1.100
San Luis Obispo	5,206	20,913	37,886	3,427	67,432	1.141	1.153
San Mateo	30,705	55,746	121,007	25,348	232,806	1.052	1.066
Santa Barbara	6,085	30,530	52,445	18,540	107,600	1.081	1.092

TABLE 38—Continued

ALLOCATIONS [a] OF GENERAL PROPERTY TAX LEVIES AS COMPILED FOR COMPUTATION OF THE AVERAGE TAX RATE, BY COUNTY, 1982–83

(Tax allocations in thousands)

County	City	County [b]	School [b]	Other [c] District	Total [c]	Average Tax Rate Per $100 of Assessed Value [d] 1982–83	1981–82
Santa Clara	59,248	129,128	250,502	62,654	501,532	1.178	1.167
Santa Cruz	4,515	16,129	31,307	7,110	59,061	1.058	1.078
Shasta	2,872	9,446	21,263	3,223	36,804	1.072	1.093
Sierra	32	1,045	414	198	1,689	1.015	1.020
Siskiyou	1,019	4,212	6,308	670	12,209	1.023	1.025
Solano	13,175	24,204	23,182	7,975	68,536	1.138	1.165
Sonoma	10,477	36,636	53,566	9,941	110,620	1.084	1.095
Stanislaus	6,140	19,194	43,393	3,865	72,592	1.058	1.069
Sutter	1,490	6,668	9,611	1,811	19,580	1.032	1.056
Tehama	787	4,307	6,381	471	11,946	1.069	1.091
Trinity	–	1,281	2,167	223	3,671	1.107	1.126
Tulare	3,979	23,365	24,585	4,289	56,218	1.047	1.057
Tuolumne	178	4,611	6,782	1,157	12,728	1.083	1.080
Ventura	14,807	55,197	78,848	49,237	198,089	1.138	1.146
Yolo	5,462	10,848	16,621	4,037	36,968	1.159	1.172
Yuba	646	4,136	5,123	1,337	11,242	1.137	1.134
Totals	$1,046,392	$2,670,259	$3,013,483	$1,276,903	$8,007,037	1.131%	1.144%

[a] The county levies at a rate of $1.00 per $100 of assessed value have been allocated among the jurisdictions receiving a portion of those levies. Excluded is the following amount of state reimbursement to local governments: homeowners, $331,636,000.

[b] County levies for school purposes, such as junior college tuition and countywide school levies, are included with school levies.

[c] Includes debt levies on land and/or improvements only. Also includes the portion of the $1.00 levy allocated to jurisdictions previously taxing less than total property, i.e., land only or land and improvements only.

[d] Computed by dividing total levies by the assessed value and multiplying by 100.

Source: California State Board of Equalization.

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